

23

STANDING COMMITTEE ON AGRICULTURE
(2006-07)

FOURTEENTH LOK SABHA

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE AND COOPERATION)

DEMANDS FOR GRANTS (2006-2007)

**{Action Taken by the Government on the Recommendations/
Observations contained in the Eighteenth Report of the
Standing Committee on Agriculture (2005-2006)}**

TWENTY THIRD REPORT



LOK SABHA SECRETARIAT

NEW DELHI

MARCH, 2007/PHALGUNA, 1928 (Saka)

TWENTY THIRD REPORT
STANDING COMMITTEE ON AGRICULTURE
(2006-07)

FOURTEENTH LOK SABHA

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE AND COOPERATION)

DEMANDS FOR GRANTS (2006-2007)

**[Action Taken by the Government on the
Recommendations/Observations contained in the Eighteenth Report
of the Standing Committee on Agriculture (2005-2006)]**

Presented to Lok Sabha on

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT

NEW DELHI

MARCH, 2007/, PHALGUNA 1928 (Saka)

COA No 188

Price: Rs.

© 2007 By Lok Sabha Secretariat

Published under Rule 382 of the Rules of Procedure and Conduct of
Business in Lok Sabha (Eleventh Edition).

<CONTENTS>

PAGE	
	COMPOSITION OF THE COMMITTEE..... (iii)
	INTRODUCTION..... (v)
CHAPTER I	Report
CHAPTER II	Recommendations/Observations which have been accepted by the Government
CHAPTER III	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies
CHAPTER IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee
CHAPTER V	Recommendations/Observations in respect of which final replies of the Government are still awaited

APPENDICES

- I. Minutes of the sitting of the Committee held on 08.03.2007 .
- II. Analysis of Action Taken by the Government on the Recommendations contained in the Eighteenth Report of the Standing Committee on Agriculture (2005-2006) on Demands for Grants (2006-07) of Department of Agriculture and Cooperation¹

Composition of the Standing Committee on Agriculture (2006-2007)

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Ranen Barman
3. Shri Anil Basu
4. Shri Manoranjan Bhakta
5. Shri Girdhari Lal Bhargava
6. Shri Kuldeep Bishnoi
7. Shri Khagen Das
8. Shri Dharmendra
9. Shri GadakhTukaram Gangadhar
10. Shri Deepender Singh Hooda
11. Shri Hari Rama Jogaiah
12. Shri Mahendra Prasad Nishad
13. Shri Prabodh Panda
14. Smt. Rupatai Diliprao Patil Nilangekar
15. Shri K.J.S.P. Reddy
16. Shri Y.S. Vivekananda Reddy
17. Shri Chandra Bhushan Singh
18. Shri M.P. Veerendra Kumar
19. Shri Raosaheb Danve Patil
20. Shri Baleshwar Yadav
21. Smt. Kalpana Ramesh Narhire

RAJYA SABHA

22. Shri Harish Rawat
23. Dr. M.S.Gill
24. Smt. Mohsina Kidwai
25. Shri Vikram Verma
26. Shri Vinay Katiyar
27. Shri Sk. Khabir Uddin Ahmed
28. Shri Datta Meghe
29. Shri Debabrata Biswas
30. Shri Sharad Anantrao Joshi
31. Shri M. Rajasekara Murthy

SECRETARIAT

- | | | | |
|----|-------------------|---|----------------------|
| 1. | Shri S.K. Sharma | - | Additional Secretary |
| 2. | Shri A.K.Singh | - | Joint Secretary |
| 3. | Shri Hardev Singh | - | Director |
| 4. | Shri N.S.Hooda | - | Deputy Secretary |
| 5. | Ms. Amita Walia | - | Under Secretary |

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, [2006-2007] having been authorized by the Committee to submit the Report on their behalf, present this Twenty Third Report on Action Taken by the Government on the Recommendations/ Observations contained in the Eighteenth Report of the Standing Committee on Agriculture (2005-2006) (Fourteenth Lok Sabha) on Demands for Grants of the Ministry of Agriculture (Department of Agriculture and Cooperation) for the year 2006-2007.

2. The Eighteenth Report of the Standing Committee on Agriculture (2005-2006) on Demands for Grants (2006-2007) of the Ministry of Agriculture (Department of Agriculture and Co-operation) was presented to Lok Sabha on 19.05.2006 and laid in Rajya Sabha on the same day. The Ministry of Agriculture (Department of Agriculture and Co-operation) was requested to furnish action taken replies of the Government to the recommendations contained in the Eighteenth Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the action taken replies furnished by the Government at their sitting held on 08.3.2007, approved the draft comments and adopted the Twenty Third Report. Minutes of the sitting are placed at Appendix I.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the Eighteenth Report (14th Lok Sabha) of the Committee is given in Appendix-II.

NEW DELHI;
08 March, 2007
17 Phalguna, 1928 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

CHAPTER I

Report

This Report of the Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Eighteenth Report (Fourteenth Lok Sabha) of the Standing Committee on Agriculture (2005-2006) on Demands for Grants (2006-2007) of the Ministry of Agriculture (Department of Agriculture and Cooperation) which was presented to the Lok Sabha and laid in the Rajya Sabha on 19.5.2006.

1.2 The Action Taken Replies have been received from the Government have been categorized as under:-

- (i) Recommendations/Observations that have been accepted by the Government (Chapter II of the Report) Recommendation Sl.Nos. 3,5,7,8, 13, 17 and 18 (Total –7)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's action taken reply (Chapter III of the Report) (Total –NIL)
- (iii) Recommendations/Observations in respect of which action taken replies of the Government have not been accepted by the Committee (Chapter IV of the Report) Recommendation Sl. No. 9,10,11,12, 16 and 19 (Total-6)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited. (Chapter V) Recommendation Sl.Nos. 1,2,4,6, 14 and 15 (Total –6)

1.3 The Committee will now deal with the action taken by the Government on some of their recommendations.

Recommendation No. 1

Budgetary Allocation

1.4 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.

REPLY OF THE GOVERNMENT

1.5 The Government in their action taken reply have stated that on the basis of requirement to be projected for RE 2006-2007 by subject matter divisions, SBEs (proposed) will be forwarded to Ministry of Finance (Budget Division) and while furnishing SBEs (proposed) the recommendation of Parliamentary Standing Committee on Agriculture will also be forwarded to them emphasizing the need to augment the budget at RE 2006-2007 stage for agriculture sector.

Reprioritization of the Role of Department of Agriculture and Cooperation

It is endeavour of the Department of Agriculture and Cooperation to effectively contribute to the achievement of the 4% growth rate in agriculture and allied sectors envisaged for the Tenth Plan. Towards this end a number of new initiatives have been launched to improve the production and productivity in the Agriculture Sector. These, inter-alia include the schemes relating to National Horticulture Mission, Micro Irrigation, National Project on Organic Farming, Support to State Extension Programmes for Extension Reforms, Development of Market Infrastructure Grading and Standardization Scheme. These programmes have been designed to promote diversification from cereals to high value crops and activities; maximize the utilization of scarce water resources; encourage organic farming on a large scale; revitalizing and revamp the delivery of extension services; and strengthening the agricultural marketing infrastructure.

COMMENTS OF THE COMMITTEE

1.6 The Committee feel that the enhanced budget for the agricultural sector is the need of the hour. Therefore, concerted efforts should be made to get adequate funds from Planning Commission and Finance Ministry so that the new initiatives and programmes taken up by the Department of Agriculture and Co-operation (DAC) to achieve the targeted 4% growth rate in agriculture and allied sectors, do not suffer due to lack of requisite funds.

Recommendation No. 2

Allocation for North Eastern States

1.7 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.

REPLY OF THE GOVERNMENT

1.8 The Government in their action taken reply have stated that several initiatives have been taken by the Government to strengthen and to provide more extension services in the North Eastern States during the Tenth Five Year Plan. A major initiative has been the launching of a new scheme “Support to State Extension Programmes for Extension Reforms” during 2005-06 to make the extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at the district level to operationalize the extension reforms. During the Tenth Five Year Plan, out of 252 districts proposed to be covered by the scheme in the whole country, half of the districts from North Eastern States and Jammu & Kashmir shall be covered as compared to one third of the districts in other States. To facilitate the States to understand the concept, implementation of the scheme and sharing of experiences among the States, State Level Orientation Workshops have been organized by MANAGE in all the States including North-Eastern States. One Kisan Call Centre located in Kolkata is catering to queries of farmers from Sikkim and Tripura. The Kisan Call Centre at Guwahati covers calls from Assam, Arunachal Pradesh, Meghalaya, Manipur and Nagaland. Agriculture Graduates are engaged as Call Centre agents to reply to the queries of the farmers in respective languages. The Guwahati Kendra of Doordarshan is telecasting a 30 minute daily programme on five days of the week for the benefit of the farming community. Six Narrowcasting Kendras of Doordarshan and FM Kisan Vani Stations located

at Itanagar (Arunachal Pradesh), Jorhat, Dhubri, Haflong and Nowgaon (all in Assam), Jowai (Meghalaya), Lunglei (Mizoram), Mokokchung (Nagaland), Kailashahr and Belonia (both in Tripura) are disseminating suitable information on various Government schemes and programmes widely among the farming community. The Kisan Call Centre No. 1551 – is being publicized extensively through these programmes. An Extension Education Institute set up at Jorhat (Assam) in 1987 has been providing training support at the regional level, to middle level functionaries of the State Governments. Moreover, two training centers in Assam and Manipur are imparting training to agriculture graduates to enable them to set up viable agri-clinics and agri-business centers for providing extension services to farmers. For giving wide publicity of the schemes of the Government, an Agri-Expo 2006 was organized at Dimapur, Nagaland, from 27th to 31st March 2006.

Every effort is made by the Government to ensure timely release of funds in respect of various schemes being implemented in the North Eastern Region. The matter relating to reflection of actual expenditure on schemes in the NER in the Demands for Grants has been taken up with the Ministry of Finance and reply is still awaited. The reply/observation received from that Ministry would be intimated to the Committee.

Regarding the National Mission on Bamboo Technology it is hereby informed that the Cabinet Committee on Economic Affairs (CCEA) considered the Note for CCEA on 18th May 2006 and decided that, in the first instance, the Group of Ministers (GoM) consisting of the Minister for Agriculture, Minister for Environment & Forests, Minister for Science &

Technology and Deputy Chairman, Planning Commission may consider the matter. The matter will be considered by the GoM very soon.

COMMENTS OF THE COMMITTEE

1.9 The Committee desire that the matter of reflecting actual expenditure on the schemes in the North Eastern region in the Demands for Grants of the Ministry should be taken up expeditiously and it should be reflected in the ensuing Demands for Grants.

The Committee further desire that extension services for North-Eastern region should be strengthened further so that they are able to reflect the true picture of the much needed development of Agriculture and allied sectors in the region.

The Committee would also like to be apprised of the outcome of the meeting of the Group of Ministers set up for implementation of the Centrally sponsored scheme 'National Mission on Bamboo Technology' for the North Eastern States and other areas.

Recommendation No. 4

Revamping of Cooperatives

1.10 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 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.

REPLY OF THE GOVERNMENT

1.11 The Government in their action taken reply have stated that the schemes of the Cooperation Division have been restructured by merging the on-going schemes implemented during the 9th Plan and incorporating new components. The re-structured scheme on Cooperative Education and Training has been approved during January, 2005 and the restructured scheme of Assistance to NCDC programmes for Cooperative Development has been approved by the competent authority for implementation during 10th Plan on 16.03.2005. Since the restructured schemes were cleared by CCEA at the feg end of 2004-05, therefore, allocations were reduced at the RE stage. However, there is no under utilization of the funds during 2005-06. The funds kept at RE stage were almost fully utilized during 2005-06.

As far as full utilization of allocation in the current year i.e. 2006-07 is concerned, we will convey the desire of the Lok Sabha Standing Committee to the implementing agencies and it can be assured on the basis of expenditure figure of 2005-06 that the budget earmarked for 2006-07 would be utilized fully. Regarding enhanced allocation at RE stage we shall

propose for enhanced budgetary allocation in accordance with the demand and the progress of utilization by the Cooperative Organizations fall under the ambit of Cooperation Division.

Government of India constituted a Task Force under the Chairmanship of Prof. A. Vaidyanathan in August 2004, for suggesting measures for revival of cooperative credit institutions. The Task Force has submitted its Report in respect of short term cooperative credit structure and recommended a financial package of Rs.14,839 crore for the short term rural credit co-operative institutions. The package covers accumulated losses, unpaid invoked guarantees, receivables from State Governments, return of share capital to State Governments, Human Resources Development, conduct of special audits, computerization, implementation costs, etc.

Based on the consensus arrived at with State Governments and other stakeholders on the recommendations made by the Task Force, Government has approved the package for revival of the Short-term Rural Cooperative Credit Structure involving financial assistance of Rs.13,596 crore. The provision of financial assistance under the package has been linked to reforms in the cooperative sector. The same Task Force has been assigned the mandate for suggesting revival package for the Long Term Cooperative Credit Structure. Government will initiate steps for reviving Long-term Cooperative Credit Structure after receiving the report of the Task Force in this regard.

COMMENTS OF THE COMMITTEE

1.12 The Committee note that the Government is silent about the recommendation of the Committee in regard to ensuring that no defaulter is included/elected to the Executive Committee of the Cooperatives to save it from becoming financially weak and corrupt. They desire the Government to take action on this aspect also and apprise the Committee about the revival package for Long-term Cooperative Credit Structure.

Recommendation No. 6

Modified National Crop Insurance Scheme

1.13 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 implemented 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.

REPLY OF THE GOVERNMENT

1.14 The Government in their action taken reply have stated that as the issues raised by the Committee under the abovesaid recommendation relate to the Planning Commission, this Department vide O.M. dated 5th June, 2006 and subsequent reminders dated 21st June and 12th July, 2006 sought the views/comments of Planning Commission on the recommendation. The Planning Commission vide their letter dated the 19th June, 2006 has informed that they are taking up the matter with the Ministry of Finance. The Ministry of Finance has already communicated their views in the matter to the Planning Commission. The Ministry of Finance is of the view that the scheme should be continued as a Plan Scheme during the pilot period constant monitoring and evaluation on completion to assess the replicability of the scheme on a larger scale. A final reply from the Planning Commission is awaited.

In the meantime, this Department has finalized the Memorandum for the Expenditure Finance Committee on the Modified National Agricultural Insurance Schemes (MNAIS) and circulated amongst the appraisal agencies

for their comments. The comments of the Departments/agencies except Planning Commission have been received. After receiving the comments of Planning Commission, Memorandum on MNAIS will be submitted for the consideration of EFC. Thereafter, note for the consideration of Cabinet Committee on Economic Affairs (CCEA) will be submitted.

COMMENTS OF THE COMMITTEE

1.15 The Committee are of the view that the Planning Commission is taking a very long time to finalise the scheme. This should be approved as a Plan Scheme, as rightly approved by the Ministry of Finance, and the Committee should be apprised of the same immediately after the final action is taken in this regard.

Recommendation No. 7

Balanced Use of Fertilisers

1.16 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.

REPLY OF THE GOVERNMENT

1.17 The Government in their action taken reply have stated that the role of fertilizer in agriculture is well known and substantial growth in agriculture production is mainly due to use of fertilizers. The consumption of fertilizers depends on a number of facts like high yielding varieties of seeds, irrigation,

weather, soil fertility status and balanced use of fertilizers for obtaining ratio of 4:2:1.

For balanced use of fertilizers Department of Agriculture & Cooperation is promoting Integrated Nutrient management (INM), which includes soil test based balanced and judicious use of chemical fertilizers in conjunction with Farm yard manure (FYM) compost, vermi-compost, phospho compost, bio-fertilizers etc. for improving the productivity and fertilizer use efficiency.

To obtain this objective, the INM Division is implementing a centrally sponsored scheme “Balanced and Integrated Use of Fertilizer” through Annual Action Plan of the State Government under Macro Management Mode of operation, with the following components.

1. Establishment of Compost plants.
2. Strengthening of soil testing services.
 - (i) Strengthening of existing Soil Testing laboratories:-
 - (a) Soil Testing laboratories with micro-nutrient facilities
 - (b) Soil Testing laboratories for NPK but without micronutrient facilities.
 - (ii) Establishment of new Soil Testing laboratories:-
 - (a) Soil Testing laboratories for NPK but without micronutrient facilities.
 - (iii) Training Course for staff of Soil Testing laboratories
 - (iv) Organization of Regional Workshops
 - (v) Organization of National Seminars

INM Division has already launched since October 2004 a new central sector scheme 'National Project on Organic Farming' for production, promotion, certification and market development of organic production in the country.

COMMENTS OF THE COMMITTEE

1.18 The Committee would like to be apprised of the progress made after implementation of this National Project on Organic Farming.

Recommendation No. 9

Soil Testing Laboratories

1.19 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 fertilizer 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 authorizing Agriculture Universities and colleges to do the soil testing on commission basis so as to sustain their test lab facilities.

REPLY OF THE GOVERNMENT

1.20 The Government in their action taken reply have stated that all India Soil & Land Use Survey, carries out detailed Soil Survey all over India using remote sensing techniques and bring out detailed soil survey reports on the basis of soil samples collected during field work. However, at present there is no provision to carry out soil testing on farmer's fields as it would require additional infrastructure and manpower. In other schemes of the NRM Division such as River Valley Project and Flood Prone River Projects, Reclamation of Alkali Soils and Watershed Development Projects in Shifting Cultivation Areas, there is no established soil testing laboratories. However, efforts are being made to introduce soil testing and issue soil health cards for the farmers in the area covered under above schemes.

COMMENTS OF THE COMMITTEE

1.21 The Committee are not at all happy with the reply of the Government and the unwillingness of the Government to increase the soil testing laboratories in the country, which is very crucial for the

survival of the farmers. The Government simply replied that there is no provision to carry out soil testing on farmer's field as it would require additional infrastructure and manpower. The Committee fail to understand why Government cannot add infrastructure for this purpose. The Committee strongly recommend that mobile soil testing laboratories should be increased and efforts should be made to provide one lab in each block/mandal. Private sector should also be encouraged in this regard. The Committee deprecate the lax attitude of the Government in not establishing soil testing labs under various schemes of the NRM Division and strongly recommend that the soil testing labs should be established for the farmers covered under these schemes also.

Further, the Committee note with dissatisfaction that the reply of the Government is silent about the recommendation of the Committee regarding authorizing agricultural universities and colleges to do the soil testing on commission basis. The Committee desire to be apprised of the feasibility report in this regard within three months of presentation of this Report.

Recommendation No. 10

Agricultural Credit and Rate of Interest

1.22 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.

REPLY OF THE GOVERNMENT

1.23 The Government in their action taken reply have stated that in order to bring down rate of interest on farm loans it has been announced in the Union Budget for the year 2006-07 that effective from Kharif 2006-07, farmers would receive crop loans upto a principal amount of Rs.3 lakh at 7% rate of interest and the Government of India would provide necessary interest subvention for this purpose. Crop loans to farmers are generally made available through Kisan Credit Cards (KCC) which are valid for 3 years. As incentive for good performance, credit limits under KCC could be enhanced to take care of increase in costs, change in cropping pattern, etc.

Banks have been advised by RBI that total interest debited to an account should not exceed the principal amount in respect of short term loans advanced to small and marginal farmers. As per the extant RBI instructions, banks are not allowed to compound interest on current dues of crop loans and term loans in respect of direct agricultural advances granted to farmers. If such loans become overdue banks have been advised that where the default is due to genuine reasons, they should extend the period of loan or reschedule the installments under term loans. Once such a relief has been extended the overdues become current dues and hence banks should not compound interest thereon. In case of long duration crops, interest is recovered only annually.

COMMENTS OF THE COMMITTEE

1.24 The Committee are dismayed to know that the Department has not paid any heed to the recommendation of the Committee to scrap Section 21 (a) of Banking Regulation Act, 1949 which hinders the provision of Usurious Loans Act, 1918 under which it was, inter alia, provided that the total amount of interest on a loan taken by a farmer could not be higher than the original capital. The Committee, therefore, reiterate their earlier recommendation that Section 21 (a) of the Banking Regulation Act, 1949 should be deleted so as to ensure that no Bank charges the interest more than the original capital, irrespective of the fact, whether it is a short term loan or long term loan, from small and marginal farmers.

Moreover, the issue of cutting the costs/margin at each layer of cooperatives has also not been addressed. The Committee, therefore, reiterate their earlier recommendation to shorten the chain of cooperative loan institutions and directly link the eventual creditor to the borrowers.

Recommendation No. 11

Debt Recovery Measures

1.25 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.

REPLY OF THE GOVERNMENT

1.26 The Government in their action taken reply have stated that Hon'ble Union Agriculture Minister vide his letter dated the 28th August, 2000 has

requested the Chief Minister of all the States to review their state laws to remove the provision for arrest and detention of farmers in case of default in repayment of loans. Hon'ble Agriculture Minister has vide his letter dated 26th April, 2005 to the Chief Minister of Haryana, Bihar, Jharkhand, Kerala, Orissa, Punjab and Uttar Pradesh further taken up the matter of review of state laws to remove the provision for arrest and detention of farmers. Secretary (A&C) vide letter dated 12th August, 2005 has further reminded to Chief Secretaries of concerned States for expediting action for amending the relevant state laws.

In case of natural calamities resulting in damage of crops, instructions have already been issued to banks to assess the situation and take immediate measures to provide appropriate relief to affected borrowers. Such relief could be provided by way of conversion of short term loans into medium term loans, deferring/postponing of the installments of the medium/long term loans, postponement of interest on such loans and one time settlement of dues. Banks have also been advised to provide fresh credit to farmers to enable them to carry on their agricultural operations.

COMMENTS OF THE COMMITTEE

1.27 The Committee do not agree with the views expressed by the Government. The last letter for amending the relevant State laws was issued on 12 August, 2005 and it seems that the Government has no will to act but is only performing the duty of a postman in a way, that based on the recommendations of the Committee, a letter is written to

the States to do the needful. The Government should take immediate steps to get the draconian law abrogated at the earliest. In the interest of millions of farmers, it should be ensured that no farmer who defaults in his payment of cooperative loans due to some circumstances beyond his control, is arrested.

Recommendation No. 12

Suicides by Farmers

1.28 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.

REPLY OF THE GOVERNMENT

1.29 The Government in their action taken reply have stated that the Government is fully committed to the cause of farmers. Accordingly, high priority has been accorded to the revitalization of the agriculture sector as well as to bring improvements in the condition of farmers under the National Common Minimum Programme (NCMP) of the UPA Government.

It is a fact that agriculture growth has decelerated in the recent times owing to natural calamities such as droughts, floods and repeated crop failure. Consequently, there is high indebtedness among the farmers. This among with other social, economic and psychological reasons, have in certain cases, even promoted them to commit suicide. Cases of farmers' suicide have been mainly reported from the State of Andhra Pradesh, Maharashtra, Karnataka and Kerala. Such instances have also been reported from the States of Gujarat, Orissa and Punjab.

Besides the measures already taken by the State Governments, several initiatives are under implementation from the Central Government for elevating the lot of farmers. A comprehensive credit policy was announced

by the Government on 18th June, 2004, containing measures for doubling of agricultural credit flow in three years and provision of debt relief to the farmers affected by natural calamities. During the 2004-05, the achievement of agriculture credit flow was Rs.1,25,309.37 crore which substantially exceeded the target of agriculture credit flow for the year 2005-06 fixed at Rs.1,41,000 crore, the achievement was Rs.1,57,497.57 crore forming 111.69% of the target. The target for provision of farm credit for the year 2006-07 has been fixed at a substantially higher level of Rs.175000 crore.

To reduce the debt burden of farmers, the Government has decided to ensure that the farmer receives short-term credit at 7%, with an upper limit of Rs.3 lakh on the principal amount. Further, in order to provide relief to the farmers who have availed crop loans from Commercial Banks, RRBs and PACs for Kharif and Rabi 2005-06, an amount equal to two percentage points of the borrower's interest liability on principal amount upto Rs. One lakh will be credited to his/her bank account before 31st March, 2006. There are mentions in the Union Budget (2006-07) about asking NABARD to open a separate line of credit for financing farm production and investment activities through Self Help Groups as well as proposal to appoint a Committee on financial Inclusion which will identify the reasons for exclusion of cultivator households from credit sources and suggest a plan for designing and delivering credit to every house hold that seeks credit from lending institutions. It is expected that the credit initiatives would positively impact on the economic condition of farmers and improve their capacity to repay loans.

To enhance the irrigation coverage, an outlay of Rs.7121 crore has been allocated for the Accelerated Irrigation Benefit Programme in the current year. The Government is formulating a scheme on Enhancing Sustainability of Dryland Rainfed Farming Systems. This scheme will address issues like rainwater harvesting and its sufficient utilization, in situ soil moisture conservation, use of organic manures, alternate land use and adoption of improved dryland farming technologies. An announcement regarding setting up of a National rainfed Area Authority has already been made.

As regards the package being drawn up for 30 Districts affected by farmers' suicide, the major consideration has been the severity of suicide incidence. Since the incidents have largely taken place in the States of Maharashtra, Andhra Pradesh, Karnataka and Kerala, it was deemed appropriate to focus the package on these four States. At present, the intent is to reach out to the Districts that are worst affected by the problem. Hence, even among the 4 States, not all the districts have been chosen for implementation of the package. Cases of suicide by farmers have not been reported by the State Government from the States other than the 7 States mentioned above. There is no neglect or lack of consideration of other States, but only training the focus towards the States that are severely affected so that a dent on the problem could be attained at the earliest. All the initiatives under implementation for revitalization of agriculture, other than this package, are made equally applicable for all the States in the country.

To provide relief in the event of drought and other natural calamities, two schemes are administered by the ministry of Home Affairs in terms of recommendations of the Finance Commission. These scheme are: (i) Calamity Relief Fund (CRF) which is a fund available with each State Government to which Central and State Government contribute in the ratio of 3:1. (ii) National Calamity Contingency Fund (NCCF): For severe calamity where relief expenditure cannot be accommodated within the CRF, NCCF provides additional funding solely from the Central government. Besides, the National Agricultural Insurance Scheme (NAIS) for providing a safety net to the farmers is under operation since Rabi 1999-2000. Actions are on for implementing a Modified National Agriculture Insurance Scheme (MNAIS) that contains several farmer-friendly measures such as reduction in unit area of insurance for major crops,. Improvement in calculation of threshold yield, recommending high indemnity levels of 80-90%, coverage of pre-sowing/planting risks and post-harvest losses, and provision of extended insurance coverage.

In respect of obtaining the correct and updated data on suicide by farmers, all the State Governments have been requested to furnish the requisite information in this regard.

COMMENTS OF THE COMMITTEE

1.30 The Committee are dismayed at the reply of the Government and are of strong view that schemes announced by the Government for rehabilitation of farmers and to streamline their loans have not brought any relief to the farmers. The grants provided under these schemes

have not taken care of their existing loans which the farmers are not able to repay in the case of failure of their crop, and, the interest is piling up.

The Committee are of strong opinion that the debt of the farmers should be restructured in a way the farmers do not get in debt trap again and again and their crops, as recommended by the Committee earlier, should be covered under the Modified National Agriculture Insurance Scheme raising the level of indemnity to 80-90% in case of natural calamities damaging crops etc. The package announced by Prime Minister for Vidarbha region, Maharashtra, not reaching the farmer is a glaring example of the inefficiency of the Government in ameliorating the conditions of the farmers. The Committee desire the Government to ensure that the financial help so announced in the package reaches the farmers in time.

Recommendation No. 14

Agri-Clinics and Agri business Centres

1.31 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.

REPLY OF THE GOVERNMENT

1.32 The Government in their action taken reply have stated that the meeting of the Expenditure Finance Committee (EFC) held on 5th June, 2006 has recommended inclusion of subsidy component under the scheme for the X Plan as follows:

- (i) Credit linked back-ended capital subsidy @ 25% of the capital cost of the project funded through bank loan. This subsidy would be 33.33% in respect of candidates belonging to SC, ST, Women and other disadvantaged section and those from North-Eastern and Hill States.
- (ii) Full interest subsidy for the first two years of the project.
- (iii) Approval of the Competent Authority on the EFC recommendations is being obtained.

COMMENTS OF THE COMMITTEE

1.33 The Committee are happy to note that the Expenditure Finance Committee (EFC) has included the subsidy component under 'The Scheme of Establishment of Agri-Clinics and Agri Business Centres' by agricultural graduates, as per the recommendation of the Standing

Committee. The Committee desire that now this subsidy provision should be implemented at the earliest and the Committee be informed about the status.

Recommendation No. 15

Kisan Call Centres

1.34 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.

REPLY OF THE GOVERNMENT

1.35 The Government in their action taken reply have stated that an impact evaluation study of the Kisan Call Centres (KCCs) scheme, has been awarded to Administrative Staff College of India (ASCI), Hyderabad, and the study is underway. The study is likely to be completed by September 2006. One of the major mandates of the study is to find out the efficacy of Kisan Call Centres to meet the information needs of farming community.

With regard to the deputation of some agriculture scientists on fixed days to these centers, to solve the farmer's queries on the spot, it is submitted that Agriculture Graduates are being engaged as Kisan Call Centre Agents at Level – I. These agents give farmers suitable replies towards solving their problems. The queries and replies are also stored in a computerized database. In case a Kisan Call Centre agent is not able to answer the query made by the farmer, the call is transferred on a conference call mode to a identified Level-II Agricultural Expert for giving appropriate reply on line. These experts belong to State Agriculture University, ICAR Institutes which include Agricultural Scientists or the State Department of Agriculture/Horticulture/Allied Sector, of the State from where the farmer is calling. The services of the Kisan Call Centre are provided to the farmers on line and the farmers are not asked to ring-up some other day.

As already indicated in Reply to Recommendation No. 13, Mass Media, namely Radio and TV, is also being used to disseminate agricultural information to farmers.

COMMENTS OF THE COMMITTEE

1.36 The Committee desire that they should be apprised of the impact evaluation study of the Kisan Call Centres as the study was to be completed by September, 2006.

Recommendation No. 16

Enhancing Sustainability of dryland farming systems

1.37 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.

REPLY OF THE GOVERNMENT

1.38 The Government in their action taken reply have stated that the Department of Expenditure, Ministry of Finance has been requested at the level of Secretary (A&C) to re-look into their observations on the scheme. The following points have been mentioned for implementing a new scheme on dryland farming as stand alone scheme:

“Integrating/merging the proposed dryland programme with ongoing watershed programme of the Macro Management is not likely to help in fulfilling the objectives envisaged as:

- (a) it would limit the promotion of improved dryland improvement technologies only to identified/selected watersheds which constitute/would cover only a small fraction of the dryland area/holdings and a few villages in a district;
- (b) a large dryland area/holdings would remain outside the integrated/converged programme;
- (c) progress in achieving the objectives would remain slow as the resources required to cover a sizeable area through watershed programme would always be a limitation; and
- (d) the integrated/converged Programme would keep out a large resource poor dryland farmers from participating in this endeavour and at their own (without Government support) they would not have the resources to invest in adopting rain harvesting technologies.”

The response of Department of Expenditure, Ministry of Finance is awaited.

COMMENTS OF THE COMMITTEE

1.39 The Committee are dismayed to note that in spite of the Committee’s recommendation, ‘The Scheme for Enhancing Sustainability of Dryland Farming Systems’ has not been implemented as yet. The confusion between the Department of Agriculture and Co-

operation and Planning Commission are yet to be cleared, as a result the fate of this important scheme is in doldrums. Moreover, in their reply the Government have not mentioned about their efforts to get it cleared at Revised Estimate stage. Now, that the Tenth Plan period is about to complete, the Committee desire that it is high time the Government should stop dilly dallying tactics and implement the scheme at the earliest and the scheme should continue during Eleventh Plan Period uninterruptedly and the shortcomings faced in the implementation during the Tenth Plan Period should be taken care of. The Committee should be apprised of implementation of the scheme within three months of presentation of this Report.

Recommendation No. 19

Remunerative Prices to Farmers

1.40 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.

REPLY OF THE GOVERNMENT

1.41 The Government in their action taken reply have stated that the Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encouraging higher investment and production, and to safeguard the interest of consumers by making available supplies at reasonable prices. The minimum support price is a guaranteed price for the growers in a situation when prices tend to fall below MSP. The price policy also seeks to evolve a balanced and integrated price structure in the perspective of the overall needs of the economy. Towards this end, the Government announces each season Minimum Support Prices (MSPs) for major agricultural commodities and organizes purchase operations through public and cooperative agencies. The designated central nodal agencies intervene in the market for undertaking procurement operations with the objective that the market prices do not fall below the MSPs fixed by the Government.

The Government decides on the support price for various agricultural commodities taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of State Governments and Central Ministries as well as such other relevant factors which are considered important for fixation of support prices.

The CACP, while formulating its recommendations on price policy considers a number of important factors which include cost of production, changes in input prices, input/output price parity, trends in market prices, demand and supply situation, inter-crop price parity, effect on industrial cost structure, effect on general price level, effect on cost of living, international market price situation and parity between prices paid and prices received by the farmers.

The cost of cultivation/production taken into account includes all paid out costs, such as, those incurred on account of hired human labour, bullock labour/machine labour (both hired and owned) and rent paid for leased in land besides cash and kind expenses on use of material inputs like seeds, fertilizers, manures, irrigation charges including cost of diesel/electricity for operation of pump sets, etc. Besides, cost of production includes imputed value of wages of family labour and rent for owned land. The cost also covers depreciation of farm machinery and buildings. As such, the cost of production covers not only actual expenses in cash and kind but also imputed value of owned assets including land and family labour. The price policy for Rabi crops of 2005-06 season to be marketed in 2006-07 was announced on 29th September, 2005.

A comparative position of C2 cost (all expenses paid in cash and kind including rent for leased in land, imputed value of wages of family labour, rental value of owned land, interest on fixed capital) and MSP of wheat is shown below:

Comparative Statement on Cost of Production (CoP) and Minimum Support Price (MSP) for Wheat

Year	State	CoP (C2) (Rs./Quintal)	MSP (Rs./Quintal)
2004-05	Haryana	522.87	640.00
	Punjab	494.35	640.00
	Uttar Pradesh	597.81	640.00
2005-06	Haryana	516.00*	650.00
	Punjab	516.00*	650.00
	Uttar Pradesh	528.00*	650.00

* **As projected by CACP**

Note: C2 cost of production: all expenses paid in cash and kind including rent for leased in land, imputed value of wages of family labour, rental value of owned land, interest on fixed capital.

With a view to ensuring adequate stocks of wheat in the Central Pool as well as giving the right signals to farmers and curbing any speculative trading, Government has announced an incentive bonus of Rs.50 per quintal on wheat over the Minimum Support Price (MSP) of Rs.650 per quintal. This year the wholesale prices of wheat have been substantially higher than its MSP and the farmers have sold their crop in the open market. This has benefited the farmers as they have got a good price for their produce. Since the consumer also needs to be provided wheat at reasonable price, it was felt necessary for FCI to have sufficient stocks of wheat. Thus, a decision to import 3.5 million tones of wheat was taken.

COMMENTS OF THE COMMITTEE

1.42 On the issue of providing remunerative prices to farmers the opinion of the Committee differ from that of the Department. They opine that the Government's pricing policy for agricultural commodities should safeguard the interests of farmers at initial stage itself while announcing Minimum Support Price (MSP) rather than giving bonus at a later stage when farmers have sold most of their crops to private market. The Committee are not in agreement with the logic given by the Department that when MSP was Rs.650 for wheat, the farmers benefited by selling it at higher prices in the open market and afterwards for the benefit of consumers, the Government had to import it. The Committee recommend that at initial stage the MSP should be attractive enough for the farmers so that they sell their produce directly to the Government agencies. In this way, the stock of the Government godowns would be sufficient and Government would not have to import foodgrains at a later stage which results in imbalancing the market prices and loss of foreign currency to the exchequer.

The Committee, therefore, desire the Government to have a little farsight while announcing the MSP so that the Government do not have to suffer the double burden and thus save the farmers and consumers as well.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

RECOMMENDATION NO. 3

Delay in approval of Schemes

2.1 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.

REPLY OF THE GOVERNMENT

2.2 The aforesaid recommendation essentially entails the review and revision of the existing procedures to formulate the new schemes and programmes and their finalization in consultation with the Ministries/Departments concerned of the Government of India in a better coordinated manner and in a specified time frame so as to avoid delays.

Normally new schemes as per announcement of the Government are formulated after series of discussions with Planning Commission. A

Feasibility Report (FR) is prepared by the Administrative Ministry and sent to Planning Commission for their detailed scrutiny and 'in principal' approval in accordance with the procedures laid down by the Ministry of Finance vide their O.M.No.1 (2)-PF-II/03 dated 7th May, 2003. After 'in principal' approval of Planning Commission, a Detailed Project Report (DPR) is prepared and circulated with draft EFC to all concerned Departments/Agencies for their comments. Further, on the basis of the total outlay, SFC/EFC is decided upon by the competent authority, and approvals taken thereafter. Efforts are continuously made by the Department to shorten the time gap between announcement of the scheme and the approval by the competent authority through mutual consultations with offices of Planning Commission and Ministry of Finance.

In exceptional cases the Hon'ble Prime Minister/Agriculture Minister also make certain announcements in the larger interest of farmers depending on prevailing agricultural conditions. In such cases also efforts are made by the Department in cooperation with Ministry of Finance and Planning Commission to take necessary approval of competent authority within the shortest possible time period.

RECOMMENDATION NO. 5

Inclusion of Frost, Heat waves etc for Crop Insurance

2.3 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.

REPLY OF THE GOVERNMENT

2.4 National Agricultural Insurance Scheme (NAIS) which is under implementation in the country since Rabi 1999-2000 season is a Yield Guarantee Scheme wherein the shortfall in Actual Yield of the current season as compared to the Threshold/Guaranteed Yield is indemnified. It operates on 'Area Approach', which means a homogenous contiguous area experiencing almost the same agro-climatic conditions and the risks is considered as a single unit of insurance.

Scheme provides comprehensive risk insurance to cover yield losses to non-preventable risks viz. natural fire and lightening; Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Flood, Inundation, Landslide, Drought, Dry Spells; Pests/Diseases etc. Losses arising out of

practically any natural calamity are compensated under this scheme. Although, not specifically mentioned, it also covers loss in yield due to hot & cold winds, fog, frost, pala etc.

RECOMMENDATION NO. 7

Balanced Use of Fertilisers

2.5 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 fertilizers 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.

REPLY OF THE GOVERNMENT

2.6 The role of fertilizer in agriculture is well known and substantial growth in agriculture production is mainly due to use of fertilizers. The consumption of fertilizers depends on a number of facts like high yielding varieties of seeds, irrigation, weather, soil fertility status and balanced use of fertilizers for obtaining ratio of 4:2:1.

For balanced use of fertilizers Department of Agriculture & Cooperation is promoting Integrated Nutrient management (INM), which includes soil test based balanced and judicious use of chemical fertilizers in conjunction with Farmyard manure (FYM) compost, vermi-compost, phospho compost, bio-fertilizers etc. for improving the productivity and fertilizer use efficiency.

To obtain this objective, the INM Division is implementing a centrally sponsored scheme "Balanced and Integrated Use of Fertilizer" through

Annual Action Plan of the State Government under Macro Management
Mode of operation, with the following components.

1. Establishment of Compost plants.
2. Strengthening of soil testing services.
 - (i) Strengthening of existing Soil Testing laboratories:-
 - (a) Soil Testing laboratories with micro-nutrient facilities
 - (b) Soil Testing laboratories for NPK but without micronutrient facilities.
 - (ii) Establishment of new Soil Testing laboratories:-
 - (a) Soil Testing laboratories for NPK but without micronutrient facilities.
 - (iii) Training Course for staff of Soil Testing laboratories
 - (iv) Organization of Regional Workshops
 - (v) Organization of National Seminars

INM Division has already launched since October 2004 a new central sector scheme 'National Project on Organic Farming' for production, promotion, certification and market development of organic production in the country.

COMMENTS OF THE COMMITTEE

2.7 For comments of the committee please refer to Para No. 1.18 of Chapter I of this Report.

RECOMMENDATION NO. 8

Supply of Sub Standard Fertiliser

2.8 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.

REPLY OF THE GOVERNMENT

2.9 The Government ensures the quality of fertilizers being manufactured/imported in the country and sold to the farmers under the provisions of FCO, 1985, issued under Essential Commodities Act (1955). The order provides for compulsory registration of fertilizer manufacturers/importers and dealers, specification of all fertilizers, regulation

on manufacture of fertilizer mixtures, packing and labeling of fertilizer, appointment of enforcement agencies, setting up of quality control laboratories and prohibition on manufacture/import and sale of any non-standard/spurious/adulterated fertilizers. The order also provides for suspension/cancellation of authorization letter of dealers/certificate of manufacture of mixture manufacturers and imprisonment from 3 months to 7 years with fine to offenders under the provisions of ECA.

The State Governments are the executive agency to enforce the provisions of FCO, who have been given adequate powers under the order. The Central Government provides necessary technical advice and assistance for trainings to their enforcement officers and need based regulatory amendments of the FCO provisions.

Statement showing the samples of fertilizers drawn and found non-standard during the last three years i.e. 2002-2005 are enclosed at Annexure No. 1 to VI for reference. The follow up action on non-standard samples is taken by the State Governments. This include administrative action of cancellation of authorization letter of dealer/manufacturer, seizure of stock and also the launching of prosecution. During 2004-05, prosecution has been launched in 274 cases mainly in the States of UP, Maharashtra, MP, Gujarat, Haryana and J&K. However, the prosecution action is not commensurate in most of the States.

The state Governments have been periodically advised to energize their enforcement machinery to ensure drawal of adequate number of samples especially from fertilizers like fertilizer mixtures, micronutrient

fertilizers, SSP and complexes and stringent action against the offenders. State Governments have been advised to include the component “Quality control of fertilizer” under the “Macro Management Scheme” to open new Fertiliser Quality Control testing Laboratories and to strengthen the existing laboratories in terms of equipment/glasswares and chemical. Some State Governments have initiated action to open/strengthen fertilizer testing laboratories under the said scheme.

RECOMMENDATION NO. 13

Agricultural Extension

2.10 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.

REPLY OF THE GOVERNMENT

2.11 The Extension Division of the Department of Agriculture & Cooperation in the Ministry of Agriculture is implementing a Central Sector Scheme 'Mass Media Support to Agriculture Extension'. This Scheme has been launched during the Xth Plan Period with a view to contribute to revamping the extension services in the country by using electronic media for transfer of technology/information to the farmers. Under the scheme the existing infrastructure of Doordarshan and All India Radio is being utilized to produce and transmit programmes covering a wide spectrum of topics in agriculture and allied field for bringing the latest information on new/ongoing schemes and agriculture knowledge to the farming community. Apart from telecast/broadcast in Hindi, the scheme also aims at disseminating programmes in regional languages and local dialects for the specific needs of different regions covered under the scheme.

Doordarshan through its countrywide network of transmitters is the only agency in the country which is presently running the terrestrial transmission at National and Regional levels and has facility to narrowcast locality-specific programmes for the farming community through its various high and low power transmitters (HPTs/LPTs). The overall outreach of

Doordarshan is to 89% of the population of the country and out of 38.7 million rural TV homes, 25.4 million can see only Doordarshan for various reasons. Doordarshan also covers most regional languages of the country which is highly significant for the use of Mass Media in agriculture. With the availability of Narrowcasting facilities in Doordarshan Centres, it is possible to provide extension services that meet the needs of that particular agro climatic zone. Further specific problems of the agriculturist residing in that area can be addressed in a specific manner by taking help of the local and nearest available agriculture research station, as each transmitter operates as a stand alone station.

Under the scheme half an hour of programme is being telecast in narrowcast mode by 180 HPTs/LPTs of Doordarshan, five days a week, with five days transmitters, on an average, sharing the same programme. Thus, w.e.f. 1.4.2005, under the Scheme, 36 DD Stations are transmitting 30 minutes programmes five days a week through various transmitters covered under respective narrowcasting clusters.

Doordarshan is also telecasting 30 minutes of regional agricultural programmes five days a week, back to back with Krishi Darshan programme of Doordarshan, through the eighteen Regional Kendras of Doordarshan. These programmes are repeated during the next morning through respective Regional Satellite Channels of Doordarshan. Further, a 30 min. national agricultural programme for 6 days a week is telecast on DD National Channel in the morning.

This approach has several advantages. The programmes are telecast in terrestrial mode. The regional programmes are in local languages. The National/Regional channels of Doordarshan are mandatory for cable operators. These are also being carried on the Direct-to-Home (DTH) platform of Doordarshan. Thus, this approach provides the maximum outreach to the farming community. Production and transmission of regional programmes has commenced from 2nd May, 2005 and that of the National Programme through CPC of Doordarshan from 16th May, 2005.

Till now All India Radio has been using the existing MW and SW network for broadcasting agriculture-based programmes. The emerging technology is in the form of FM transmission. This has the capacity to provide high quality output and also deliver local content in the area of its range. As the infrastructure for the FM transmission is widely available with the All India Radio, the locality-specific agricultural programmes can reach to farmers in rural areas in their local language/dialect through FM Radio transmission by the Stations covering rural areas without much capital cost.

With effect from 1st April, 2005 the Kisanvani programmes from 96 Rural Area FM Stations are being broadcast for half an hour duration daily, 6 days a week, with each station broadcasting separate programme.

Doordarshan has made an innovative effort of organizing 20 'Live Crop Seminars' during Rabi Season 2005-06 involving farmers, officials of the State Department of Agriculture and Experts of all major crops for addressing the problems of the farmers on a single platform in 12 States. These programmes were covered live through the concerned

Regional/Narrowcasting Kendras for extending their benefit to other farmers widely.

With a view to cater sustained flow of information on agricultural developments and to provide farmers with the latest mandi rates of agricultural commodities in various parts of the country, Doordarshan has started outsourced production of Agricultural News Bulletins (each of 5 minute duration) and Mandi Bhav Bulletins (each of 3 minute duration) for daily telecast during National and Regional Programmes. Telecast of these programmes has begun from 22nd May, 2006.

Audio/video spots on many useful aspects viz. Rabi/Kharif Advisories Kisan Call Centres, Kisan Credit Cards, and information relating to weather, Minimum Support Price, Mandi Bhav, etc. are being regularly telecast through DD/AIR programmes under the Scheme. The coverage of information relating to Government schemes & programmes, Agricultural Exhibitions and service-oriented programmes is being encouraged under the programmes.

Some private cable TV channels are also telecasting agricultural programmes such as E-TV in various languages and Asianet in Malayalam. However, due to limited outreach of cable-based channels in rural areas, the Ministry has concentrated on terrestrial TV transmission and radio broadcast.

The information on various schemes of the Department is widely disseminated through the website of the DAC. This information has already been provided to Hon'ble Members of the Standing Committee. Steps are

being taken to specifically provide this information to MPs, MLAs and Members of Local Bodies.

RECOMMENDATION NO. 17

Quality Seeds

2.12 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 chatatkar 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.

REPLY OF THE GOVERNMENT

2.13 Quality seed is the most critical and basic input for agriculture output, and accounts for 25-30 percent yield increase. In order to address the problem of low quality farm saved seed, low seed replacement rate and inavailability of adequate quantity of quality seeds at affordable prices and in

time, a restructured Central Sector Scheme ‘Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seed’ is being implemented from the year 2005-06. Under Seed Village Programme, which is one of the components of this scheme, assistance in the form of subsidy on seeds, storage bins and trainings is provided through implementing agencies. The Seed Village Programme essentially intended to empower the farmers to produce quality seed in their own land under the guidance and assistance of the implementing agencies, has caught the imagination of the farmers and has evoked positive response from many States.

Besides, for increasing the seed production, distribution and to make quality seeds available to the farmers at reasonable rate, seed distribution subsidy is being provided through State Department of Agriculture. The details are as under:

- (i) Under Macro Management mode of Agriculture, seed distribution subsidy is give @ Rs.200/- per quintal for wheat and rice, Rs.400/- per quintal for varieties of coarse cereals like Bajra, jowar, ragi and barley and Rs.1000/- per quintal for hybrid seed of Bajra and jowar. For Jute and Mesta seed distribution, assistance is given @ Rs.800/- per quintal or 25% of the seed cost to farmers which ever is less and is being implemented through State Department of Agriculture.
- (ii) Under ISOPOM, seed production subsidy @ Rs.500/- per quintal for foundation and certified seed and certified seed distribution

subsidy @Rs.800/- per quintal or 25% of seed cost for certified seed whichever is less on oilseeds, pulses and maize are provided to States and is being implemented through State Department Agriculture.

- (iii) Under Technology Mission on Cotton seed production subsidy @ Rs.50/- per kg. Or 50% cost of foundation seed whichever is less, seed production subsidy @ Rs.15/- per kg. Or 25% cost of certified seed whichever is less, seed distribution subsidy @ Rs.20/- per kg. and subsidy on seed treatment @ 50% limited to Rs.40/- per kg are provided to State and is being implemented

The Government always give special attention through crop diversification to grow drought tolerant varieties and hybrids of oilseed, maize, wheat and pulses to increase their productively.

The Seeds Act, 1966 provides a legislative framework for regulation of quality seeds in the Country. The Act provides for a system of notification of kind or variety of seeds. Notification of seeds is a process, which brings seed of a particular kind, or a Variety under the purview of quality control provisions of seeds Act. Notification facilitates Seeds Law Enforcement. Once a variety is notified, the seeds of the variety can be sold only if they confirm to the minimum standards of germination, genetic purity and physical purity prescribed under Section 6 (a) and (b) of the Seeds Act, 1966. It is also mandatory that the producer/dealer to indicate adaptability of the cultivator on the label along with the prescribed standards. Central Seeds Committee established under Seeds Act, an

apex body, recommends the notification of varieties. The varieties are being notified on the agronomic trials at different locations. The Act also provides for certification of seeds of varieties. Certification involves a third party guarantee regarding the quality of the seed provided by an independent certification agency. Certified seeds has to conform to the standards laid down in the Indian Minimum Seed Certification Standards, which has been notified under 17 (a) of the Seeds Rule, 1968. Therefore, the seeds of notified kind/variety sold in the market guarantees its germination, physical purity and genetic purity.

In order to ensure equitable distribution of quality seeds to farmers, seeds has been declared as an essential commodity under the Essential Commodity Act, 1955. Under Section 3 of the Essential Commodity Act, 1955, Central Government made the Seeds (Control) Order, 1983 to control and regulate seed production. The said order provides for compulsory licensing of seed dealers and has put in place a rigorous system of regulation and enforcement. The Order lists the modalities of inspection, sampling, punishment of dealers, suspension and cancellation of licenses, etc.

The responsibility of Seeds Law Enforcement (Seeds Act, 1966 and Seeds (Control) Order, 1983) is vested in the State Governments. Accordingly, State Governments/Union Territories have notified Seed Inspectors to regulate the quality of seeds. Seed Inspectors are authorized to take punitive action against dealers found to be selling sub-standard seeds. Seeds dealers are also liable to be proceeded against

under the relevant provisions of Seeds Act, 1966 and Seeds (Control) Order, 1983 for contravention of these legal instruments.

Bt. Cotton is the only Genetically Modified crops available for commercial cultivation in the country. The Bt. Cotton hybrid seeds are approved by Genetic Engineering Approval Committee (GEAC) in the Ministry of Environment and Forests, after several years of rigorous testing and trials at different locations for biosafety and agronomical performance. Every efforts are made by the Ministry of Environment and Forests that seeds of GM crops still under trials may not be sold without knowing the final outcome and their impact. Besides, directions are also issued by GEAC to the seed companies to provide necessary guidelines and requirements for using GM Seeds by the farmers and put them with the seed packet. The responsibility of Seed Law enforcement vests with the State Governments. However, advisories have been issued by Government of India to Bt. Cotton growing States to take stringent action against persons selling spurious and illegal seeds.

The matter regarding the exorbitant prices charged by the seed companies from the farmers is subjudice with the Hon'ble Supreme Court. In the meantime, seed companies have also reduced their trait value from Rs.1250/- to Rs.880/- per packet of 450 gms. The GEAC has, so far, approved 62 hybrids of various companies for cultivation, which besides MAHYCO Seed Company, include hybrid technology developed indigenously. This step of GEAC shall increase further competition among the companies and help reduce seed price. The role of

Genetically Modified seeds of Bt. Cotton in the country has great importance in the country due to increase in the yield by 15% to 30% as compared to non Bt. Cotton. The area under Bt. Cotton has also increased from 2.30 lakh acres in 2003 to 25.07 lakh acres in 2005.

RECOMMENDATION NO. 18

Rural Godowns and Cold Storages

2.14 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 price. 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.

REPLY OF THE GOVERNMENT

2.15 The above recommendation has been noted. Under the Central Sector Scheme of Capital Investment Subsidy for Construction/Renovation of Rural Godowns, Ch. Charan Singh National Institute of Agricultural Marketing, Jaipur has been assigned the specific task of publicity, training and awareness programme to encourage people to undertake projects under the Scheme. In addition to this the following modifications have been made in the existing guidelines to encourage small farmers and entrepreneurs in North East Region in the country to undertake construction of projects under the scheme:-

- a) Smaller godowns of 50 to 100 MTs have been made eligible for subsidy under the scheme to encourage on farm storage.
- b) For hilly areas, where there is a scarcity of land, the size of godown eligible for subsidy under the scheme of Rural Godowns has further been reduced from 100 MT to 25 MT.
- c) Five lakh MTs capacity has been reserved for small farmers.
- d) Target of 90 lakh MTs of rural godown was fixed for construction during 10th Plan period which has now been revised to 140 lakh MTs.

Similarly, under the Central Sector Scheme of Capital Investment Subsidy for Construction/Modernization/Expansion of Cold Storages and storages for horticulture produce, National Horticulture Board, Gurgaon is promoting the Scheme through their awareness programmes in the States.

Till now, 11803 rural godowns have been sanctioned with the capacity of 166.70 lakh MTs by National Bank for Agriculture and Rural Development (NABARD) and National Cooperative Development Corporation (NCDC) and 1548 number of cold storages with a capacity of 67.59 lakh for horticulture produce.

CHAPTER-III

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE
GOVERNMENT'S REPLY**

-- Nil --

CHAPTER-IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation No. 9

Soil Testing Laboratories

4.1 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 fertilizer 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 authorizing Agriculture Universities and colleges to do the soil testing on commission basis so as to sustain their test lab facilities.

REPLY OF THE GOVERNMENT

4.2 All India Soil & Land Use Survey, carries out detailed Soil Survey all over India using remote sensing techniques and bring out detailed soil survey reports on the basis of soil samples collected during field work. However, at

present there is no provision to carry out soil testing on farmer's fields as it would require additional infrastructure and manpower. In other schemes of the NRM Division such as River Valley Project and Flood Prone River Projects, Reclamation of Alkali Soils and Watershed Development Projects in Shifting Cultivation Areas, there is no established soil testing laboratories. However, efforts are being made to introduce soil testing and issue soil health cards for the farmers in the area covered under above schemes.

COMMENTS OF THE COMMITTEE

4.3 For comments of the committee please refer to Para No. 1.21 of Chapter I of this Report.

Recommendation No. 10

Agricultural Credit and Rate of Interest

4.4 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.

REPLY OF THE GOVERNMENT

4.5 In order to bring down rate of interest on farm loans it has been announced in the Union Budget for the year 2006-07 that effective from Kharif 2006-07, farmers would receive crop loans upto a principal amount of Rs.3 lakh at 7% rate of interest and the Government of India would provide necessary interest subvention for this purpose. Crop loans to farmers are generally made available through Kisan Credit Cards (KCC) which are valid for 3 years. As incentive for good performance, credit limits under KCC could be enhanced to take care of increase in costs, change in cropping pattern, etc.

Banks have been advised by RBI that total interest debited to an account should not exceed the principal amount in respect of short term loans advanced to small and marginal farmers. As per the extant RBI instructions, banks are not allowed to compound interest on current dues of crop loans and term loans in respect of direct agricultural advances granted to farmers. If such loans become overdue banks have been advised that where the default is due to genuine reasons, they should extend the period of loan or reschedule the installments under term loans. Once such a relief has

been extended the overdues become current dues and hence banks should not compound interest thereon. In case of long duration crops, interest is recovered only annually.

COMMENTS OF THE COMMITTEE

4.6 For comments of the committee please refer to Para No. 1.24 of Chapter I of this Report.

Recommendation No. 11

Debt Recovery Measures

4.7 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.

REPLY OF THE GOVERNMENT

4.8 Hon'ble Union Agriculture Minister vide his letter dated the 28th August, 2000 has requested the Chief Minister of all the States to review

their state laws to remove the provision for arrest and detention of farmers in case of default in repayment of loans. Hon'ble Agriculture Minister has vide his letter dated 26th April, 2005 to the Chief Minister of Haryana, Bihar, Jharkhand, Kerala, Orissa, Punjab and Uttar Pradesh further taken up the matter of review of state laws to remove the provision for arrest and detention of farmers. Secretary (A&C) vide letter dated 12th August, 2005 has further reminded to Chief Secretaries of concerned States for expediting action for amending the relevant state laws.

In case of natural calamities resulting in damage of crops, instructions have already been issued to banks to assess the situation and take immediate measures to provide appropriate relief to affected borrowers. Such relief could be provided by way of conversion of short term loans into medium term loans, deferring/postponing of the installments of the medium/long term loans, postponement of interest on such loans and one time settlement of dues. Banks have also been advised to provide fresh credit to farmers to enable them to carry on their agricultural operations.

COMMENTS OF THE COMMITTEE

4.9 For comments of the committee please refer to Para No. 1.27 of Chapter I of this Report.

Recommendation No. 12

Suicides by Farmers

4.10 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.

REPLY OF THE GOVERNMENT

4.11 The Government is fully committed to the cause of farmers. Accordingly, high priority has been accorded to the revitalization of the agriculture sector as well as to bring improvements in the condition of farmers under the National Common Minimum Programme (NCMP) of the UPA Government.

It is a fact that agriculture growth has decelerated in the recent times owing to natural calamities such as droughts, floods and repeated crop failure. Consequently, there is high indebtedness among the farmers. This along with other social, economic and psychological reasons, have in certain cases, even promoted them to commit suicide. Cases of farmers' suicide have been mainly reported from the State of Andhra Pradesh, Maharashtra, Karnataka and Kerala. Such instances have also been reported from the States of Gujarat, Orissa and Punjab.

Besides the measures already taken by the State Governments, several initiatives are under implementation from the Central Government for elevating the lot of farmers. A comprehensive credit policy was announced by the Government on 18th June, 2004, containing measures for doubling of agricultural credit flow in three years and provision of debt relief to the farmers affected by natural calamities. During the 2004-05, the achievement of agriculture credit flow was Rs.1,25,309.37 crore which substantially exceeded the target of agriculture credit flow for the year 2005-06 fixed at Rs.1,41,000 crore, the achievement was Rs.1,57,497.57 crore forming

111.69% of the target. The target for provision of farm credit for the year 2006-07 has been fixed at a substantially higher level of Rs.175000 crore.

To reduce the debt burden of farmers, the Government has decided to ensure that the farmer receives short-term credit at 7%, with an upper limit of Rs.3 lakh on the principal amount. Further, in order to provide relief to the farmers who have availed crop loans from Commercial Banks, RRBs and PACs for Kharif and Rabi 2005-06, an amount equal to two percentage points of the borrower's interest liability on principal amount upto Rs. One lakh will be credited to his/her bank account before 31st March, 2006. There are mentions in the Union Budget (2006-07) about asking NABARD to open a separate line of credit for financing farm production and investment activities through Self Help Groups as well as proposal to appoint a Committee on financial Inclusion which will identify the reasons for exclusion of cultivator households from credit sources and suggest a plan for designing and delivering credit to every house hold that seeks credit from lending institutions. It is expected that the credit initiatives would positively impact on the economic condition of farmers and improve their capacity to repay loans.

To enhance the irrigation coverage, an outlay of Rs.7121 crore has been allocated for the Accelerated Irrigation Benefit Programme in the current year. The Government is formulating a scheme on Enhancing Sustainability of Dryland Rainfed Farming Systems. This scheme will address issues like rainwater harvesting and its sufficient utilization, in situ soil moisture conservation, use of organic manures, alternate land use and adoption of improved dryland farming technologies. An announcement

regarding setting up of a National rainfed Area Authority has already been made.

As regards the package being drawn up for 30 Districts affected by farmers' suicide, the major consideration has been the severity of suicide incidence. Since the incidents have largely taken place in the States of Maharashtra, Andhra Pradesh, Karnataka and Kerala, it was deemed appropriate to focus the package on these four States. At present, the intent is to reach out to the Districts that are worst affected by the problem. Hence, even among the 4 States, not all the districts have been chosen for implementation of the package. Cases of suicide by farmers have not been reported by the State Government from the States other than the 7 States mentioned above. There is no neglect or lack of consideration of other States, but only training the focus towards the States that are severely affected so that a dent on the problem could be attained at the earliest. All the initiatives under implementation for revitalization of agriculture, other than this package, are made equally applicable for all the States in the country.

To provide relief in the event of drought and other natural calamities, two schemes are administered by the ministry of Home Affairs in terms of recommendations of the Finance Commission. These scheme are: (i) Calamity Relief Fund (CRF) which is a fund available with each State Government to which Central and State Government contribute in the ratio of 3:1. (ii) National Calamity Contingency Fund (NCCF): For severe calamity where relief expenditure cannot be accommodated within the CRF, NCCF provides additional funding solely from the Central government. Besides, the

National Agricultural Insurance Scheme (NAIS) for providing a safety net to the farmers is under operation since Rabi 1999-2000. Actions are on for implementing a Modified National Agriculture Insurance Scheme (MNAIS) that contains several farmer-friendly measures such as reduction in unit area of insurance for major crops,. Improvement in calculation of threshold yield, recommending high indemnity levels of 80-90%, coverage of pre-sowing/planting risks and post-harvest losses, and provision of extended insurance coverage.

In respect of obtaining the correct and updated data on suicide by farmers, all the State Governments have been requested to furnish the requisite information in this regard.

COMMENTS OF THE COMMITTEE

4.12 For comments of the committee please refer to Para No. 1.30 of Chapter I of this Report.

Recommendation No. 16

Enhancing Sustainability of dryland farming systems

4.13 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.

REPLY OF THE GOVERNMENT

4.14 The Department of Expenditure, Ministry of Finance has been requested at the level of Secretary (A&C) to re-look into their observations on the scheme. The following points have been mentioned for implementing a new scheme on dryland farming as stand alone scheme:

“Integrating/merging the proposed dryland programme with ongoing watershed programme of the Macro Management is not likely to help in fulfilling the objectives envisaged as:

- (a) it would limit the promotion of improved dryland improvement technologies only to identified/selected watersheds which constitute/would cover only a small fraction of the dryland area/holdings and a few villages in a district;
- (b) a large dryland area/holdings would remain outside the integrated/converged programme;
- (c) progress in achieving the objectives would remain slow as the resources required to cover a sizeable area through watershed programme would always be a limitation; and
- (d) the integrated/converged Programme would keep out a large resource poor dryland farmers from participating in this endeavour and at their own (without Government support) they would not have the resources to invest in adopting rain harvesting technologies.”

The response of Department of Expenditure, Ministry of Finance is awaited.

COMMENTS OF THE COMMITTEE

4.15 For comments of the committee please refer to Para No. 1.39 of Chapter I of this Report.

Recommendation No. 19

Remunerative Prices to Farmers

4.16 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.

REPLY OF THE GOVERNMENT

4.17 The Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encouraging higher investment and production, and to safeguard the interest of consumers by making available supplies at reasonable prices. The minimum support price is a guaranteed price for the growers in a situation when prices tend to fall below MSP. The price policy also seeks to evolve a balanced and integrated price structure in the perspective of the overall needs of the economy. Towards this end, the Government announces each season Minimum Support Prices (MSPs) for major agricultural commodities and organizes purchase operations through public and cooperative agencies. The designated central nodal agencies intervene in the market for undertaking procurement operations with the objective that the market prices do not fall below the MSPs fixed by the Government.

The Government decides on the support price for various agricultural commodities taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of State Governments and Central Ministries as well as such other relevant factors which are considered important for fixation of support prices.

The CACP, while formulating its recommendations on price policy considers a number of important factors which include cost of production,

changes in input prices, input/output price parity, trends in market prices, demand and supply situation, inter-crop price parity, effect on industrial cost structure, effect on general price level, effect on cost of living, international market price situation and parity between prices paid and prices received by the farmers.

The cost of cultivation/production taken into account includes all paid out costs, such as, those incurred on account of hired human labour, bullock labour/machine labour (both hired and owned) and rent paid for leased in land besides cash and kind expenses on use of material inputs like seeds, fertilizers, manures, irrigation charges including cost of diesel/electricity for operation of pump sets, etc. Besides, cost of production includes imputed value of wages of family labour and rent for owned land. The cost also covers depreciation of farm machinery and buildings. As such, the cost of production covers not only actual expenses in cash and kind but also imputed value of owned assets including land and family labour. The price policy for Rabi crops of 2005-06 season to be marketed in 2006-07 was announced on 29th September, 2005.

A comparative position of C2 cost (all expenses paid in cash and kind including rent for leased in land, imputed value of wages of family labour, rental value of owned land, interest on fixed capital) and MSP of wheat is shown below:

Comparative Statement on Cost of Production (CoP) and Minimum Support Price (MSP) for Wheat

Year	State	CoP (C2) (Rs./Quintal)	MSP (Rs./Quintal)
2004-05	Haryana	522.87	640.00
	Punjab	494.35	640.00
	Uttar Pradesh	597.81	640.00
2005-06	Haryana	516.00*	650.00
	Punjab	516.00*	650.00
	Uttar Pradesh	528.00*	650.00

* **As projected by CACP**

Note: C2 cost of production: all expenses paid in cash and kind including rent for leased in land, imputed value of wages of family labour, rental value of owned land, interest on fixed capital.

With a view to ensuring adequate stocks of wheat in the Central Pool as well as giving the right signals to farmers and curbing any speculative trading, Government has announced an incentive bonus of Rs.50 per quintal on wheat over the Minimum Support Price (MSP) of Rs.650 per quintal. This year the wholesale prices of wheat have been substantially higher than its MSP and the farmers have sold their crop in the open market. This has benefited the farmers as they have got a good price for their produce. Since the consumer also needs to be provided wheat at reasonable price, it was felt necessary for FCI to have sufficient stocks of wheat. Thus, a decision to import 3.5 million tones of wheat was taken.

COMMENTS OF THE COMMITTEE

4.18 For comments of the committee please refer to Para No. 1.42 of Chapter I of this Report.

CHAPTER-V

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

Recommendation No. 1

Budgetary Allocation

5.1 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.

REPLY OF THE GOVERNMENT

5.2 On the basis of requirement to be projected for RE 2006-2007 by subject matter divisions, SBEs (proposed) will be forwarded to Ministry of Finance (Budget Division) and while furnishing SBEs (proposed) the recommendation of Parliamentary Standing Committee on Agriculture will also be forwarded to them emphasizing the need to augment the budget at RE 2006-2007 stage for agriculture sector.

Reprioritization of the Role of Department of Agriculture and Cooperation

It is endeavour of the Department of Agriculture and Cooperation to effectively contribute to the achievement of the 4% growth rate in agriculture and allied sectors envisaged for the Tenth Plan. Towards this end a number of new initiatives have been launched to improve the production and productivity in the Agriculture Sector. These, inter-alia include the schemes relating to National Horticulture Mission, Micro Irrigation, National Project on Organic Farming, Support to State Extension Programmes for Extension Reforms, Development of Market Infrastructure Grading and Standardization Scheme. These programmes have been designed to promote diversification from cereals to high value crops and activities; maximize the utilization of scarce water resources; encourage organic farming on a large scale; revitalizing and revamp the delivery of extension services; and strengthening the agricultural marketing infrastructure.

COMMENTS OF THE COMMITTEE

5.3 For comments of the committee please refer to Para No. 1.6 of Chapter I of this Report.

Recommendation No. 2

Allocation for North Eastern States

5.4 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.

REPLY OF THE GOVERNMENT

5.5 Several initiatives have been taken by the Government to strengthen and to provide more extension services in the North Eastern States during the Tenth Five Year Plan. A major initiative has been the launching of a new scheme "Support to State Extension Programmes for Extension Reforms" during 2005-06 to make the extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at the district level to operationalize the extension reforms. During the Tenth Five Year Plan, out of 252 districts proposed to be covered by the scheme in the whole country, half of the districts from North Eastern States and Jammu & Kashmir shall be covered as compared to one third of the districts in other States. To facilitate the States to understand the concept, implementation of the scheme and sharing of experiences among the States, State Level Orientation Workshops have been organized by MANAGE in all the States including North-Eastern States. One Kisan Call Centre located in Kolkata is catering to queries of farmers from Sikkim and Tripura. The Kisan Call Centre at Guwahati cover calls from Assam, Arunachal Pradesh, Meghalaya, Manipur and Nagaland. Agriculture Graduates are engaged as

Call Centre agents to reply to the queries of the farmers in respective languages. The Guwahati Kendra of Doordarshan is telecasting a 30 minute daily programme on five days of the week for the benefit of the farming community. Six Narrowcasting Kendras of Doordarshan and FM Kisan Vani Stations located at Itanagar (Arunachal Pradesh), Jorhat, Dhubri, Haflong and Nowgaon (all in Assam), Jowai (Meghalaya), Lunglei (Mizoram), Mokokchung (Nagaland), Kailashahr and Belonia (both in Tripura) are disseminating suitable information on various Government schemes and programmes widely among the farming community. The Kisan Call Centre No. 1551 – is being publicized extensively through these programmes. An Extension Education Institute set up at Jorhat (Assam) in 1987 has been providing training support at the regional level, to middle level functionaries of the State Governments. Moreover, two training centers in Assam and Manipur are imparting training to agriculture graduates to enable them to set up viable agri-clinics and agri-business centers for providing extension services to farmers. For giving wide publicity of the schemes of the Government, an Agri-Expo 2006 was organized at Dimapur, Nagaland, from 27th to 31st March 2006.

Every effort is made by the Government to ensure timely release of funds in respect of various schemes being implemented in the North Eastern Region. The matter relating to reflection of actual expenditure on schemes in the NER in the Demands for Grants has been taken up with the Ministry of Finance and reply is still awaited. The reply/observation received from that Ministry would be intimated to the Committee.

Regarding the National Mission on Bamboo Technology it is hereby informed that the Cabinet Committee on Economic Affairs (CCEA) considered the Note for CCEA on 18th May 2006 and decided that, in the first instance, the Group of Ministers (GoM) consisting of the Minister for Agriculture, Minister for Environment & Forests, Minister for Science & Technology and Deputy Chairman, Planning Commission may consider the matter. The matter will be considered by the GoM very soon.

COMMENTS OF THE COMMITTEE

5.6 For comments of the committee please refer to Para No. 1.9 of Chapter I of this Report.

Recommendation No. 4

Revamping of Cooperatives

5.7 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 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.

REPLY OF THE GOVERNMENT

5.8 The schemes of the Cooperation Division have been restructured by merging the on-going schemes implemented during the 9th Plan and incorporating new components. The re-structured scheme on Cooperative Education and Training has been approved during January, 2005 and the restructured scheme of Assistance to NCDC programmes for Cooperative Development has been approved by the competent authority for implementation during 10th Plan on 16.03.2005. Since the restructured schemes were cleared by CCEA at the feg end of 2004-05, therefore, allocations were reduced at the RE stage. However, there is no under utilization of the funds during 2005-06. The funds kept at RE stage were almost fully utilized during 2005-06.

As far as full utilization of allocation in the current year i.e. 2006-07 is concerned, we will convey the desire of the Lok Sabha Standing Committee to the implementing agencies and it can be assured on the basis of expenditure figure of 2005-06 that the budget earmarked for 2006-07 would be utilized fully. Regarding enhanced allocation at RE stage we shall propose for enhanced budgetary allocation in accordance with the demand and the progress of utilization by the Cooperative Organizations fall under the ambit of Cooperation Division.

Government of India constituted a Task Force under the Chairmanship of Prof. A. Vaidyanathan in August 2004, for suggesting

measures for revival of cooperative credit institutions. The Task Force has submitted its Report in respect of short term cooperative credit structure and recommended a financial package of Rs.14,839 crore for the short term rural credit co-operative institutions. The package covers accumulated losses, unpaid invoked guarantees, receivables from State Governments, return of share capital to State Governments, Human Resources Development, conduct of special audits, computerization, implementation costs, etc.

Based on the consensus arrived at with State Governments and other stakeholders on the recommendations made by the Task Force, Government has approved the package for revival of the Short-term Rural Cooperative Credit Structure involving financial assistance of Rs.13,596 crore. The provision of financial assistance under the package has been linked to reforms in the cooperative sector. The same Task Force has been assigned the mandate for suggesting revival package for the Long Term Cooperative Credit Structure. Government will initiate steps for reviving Long-term Cooperative Credit Structure after receiving the report of the Task Force in this regard.

COMMENTS OF THE COMMITTEE

5.9 For comments of the committee please refer to Para No. 1.12 of Chapter I of this Report.

Recommendation No. 6

Modified National Crop Insurance Scheme

5.10 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 implemented 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.

REPLY OF THE GOVERNMENT

5.11 As the issues raised by the Committee under the abovesaid recommendation relate to the Planning Commission, this Department vide O.M. dated 5th June, 2006 and subsequent reminders dated 21st June and 12th July, 2006 sought the views/comments of Planning Commission on the recommendation. The Planning Commission vide their letter dated the 19th June, 2006 has informed that they are taking up the matter with the Ministry

of Finance. The Ministry of Finance has already communicated their views in the matter to the Planning Commission. The Ministry of Finance is of the view that the scheme should be continued as a Plan Scheme during the pilot period constant monitoring and evaluation on completion to assess the replicability of the scheme on a larger scale. A final reply from the Planning Commission is awaited.

In the meantime, this Department has finalized the Memorandum for the Expenditure Finance Committee on the Modified National Agricultural Insurance Schemes (MNAIS) and circulated amongst the appraisal agencies for their comments. The comments of the Departments/agencies except Planning Commission have been received. After receiving the comments of Planning Commission, Memorandum on MNAIS will be submitted for the consideration of EFC. Thereafter, note for the consideration of Cabinet Committee on Economic Affairs (CCEA) will be submitted.

COMMENTS OF THE COMMITTEE

5.12 For comments of the committee please refer to Para No. 1.15 of Chapter I of this Report.

Recommendation No. 14

Agri-Clinics and Agri business Centres

5.13 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.

REPLY OF THE GOVERNMENT

5.14 The meeting of the Expenditure Finance Committee (EFC) held on 5th June, 2006 has recommended inclusion of subsidy component under the scheme for the X Plan as follows:

- (i) Credit linked back-ended capital subsidy @ 25% of the capital cost of the project funded through bank loan. This subsidy would be 33.33% in respect of candidates belonging to SC, ST, Women and other disadvantaged section and those from North-Eastern and Hill States.
- (ii) Full interest subsidy for the first two years of the project.
- (iii) Approval of the Competent Authority on the EFC recommendations is being obtained.

COMMENTS OF THE COMMITTEE

5.15 For comments of the committee please refer to Para No. 1.33 of Chapter I of this Report.

Recommendation No. 15

Kisan Call Centres

5.16 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.

REPLY OF THE GOVERNMENT

5.17 An impact evaluation study of the Kisan Call Centres (KCCs) scheme, has been awarded to Administrative Staff College of India (ASCI), Hyderabad, and the study is underway. The study is likely to be completed

by September 2006. One of the major mandates of the study is to find out the efficacy of Kisan Call Centres to meet the information needs of farming community.

With regard to the deputation of some agriculture scientists on fixed days to these centers, to solve the farmer's queries on the spot, it is submitted that Agriculture Graduates are being engaged as Kisan Call Centre Agents at Level – I. These agents give farmers suitable replies towards solving their problems. The queries and replies are also stored in a computerized database. In case a Kisan Call Centre agent is not able to answer the query made by the farmer, the call is transferred on a conference call mode to a identified Level-II Agricultural Expert for giving appropriate reply on line. These experts belong to State Agriculture University, ICAR Institutes which include Agricultural Scientists or the State Department of Agriculture/Horticulture/Allied Sector, of the State from where the farmer is calling. The services of the Kisan Call Centre are provided to the farmers on line and the farmers are not asked to ring-up some other day.

As already indicated in Reply to Recommendation No. 13, Mass Media, namely Radio and TV, is also being used to disseminate agricultural information to farmers.

COMMENTS OF THE COMMITTEE

5.18 For comments of the committee please refer to Para No. 1.36 of Chapter I of this Report.

NEW DELHI;
08 March, 2007
17 Phalguna, 1928 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

APPENDIX I

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 8TH MARCH, 2007 AT 1500 HRS. IN COMMITTEE ROOM 'B', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 HRS TO 1630 HRS

PRESENT

Prof. Ram Gopal Yadav - Chairman

MEMBERS

LOK SABHA

2. Shri Manoranjan Bhakta
3. Shri Khagen Das
4. Shri Deepender Singh Hooda
5. Shri Hari Rama Jogaiah
6. Shri M.P.Veerendra Kumar
7. Shri Baleshwar Yadav

RAJYA SABHA

8. Shri Harish Rawat
9. Shri Vikram Verma
10. Shri Sk. Khabir Uddin Ahmed
11. Shri Datta Meghe

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri A.K.Singh | - | Joint Secretary |
| 2. | Shri Hardev Singh | - | Director |
| 3. | Shri N.S.Hooda | - | Deputy Secretary |
| 4. | Ms. Amita Walia | - | Under Secretary |

At the outset, the Hon'ble Chairman, welcomed the Members to the sitting of the Committee and requested them to take up the following Memoranda on draft Action Taken Reports on Demands for Grants (2006-07) of the Ministry of Agriculture and Ministry of Food Processing Industries for consideration and adoption:

- (1) Memorandum No. 2 regarding 23rd Action Taken Report on recommendations contained in the 18th Report on Demands for Grants (2006-07) in respect of Ministry of Agriculture (Deptt. of Agriculture and Co-operation)
- (2) Memorandum No. 3 regarding 24th Action Taken Report on recommendations contained in the 19^h Report on Demands for Grants (2006-07) in respect of Ministry of Agriculture (Deptt. of Agricultural Research and Education)
- (3) Memorandum No. 4 regarding 25th Action Taken Report on recommendations contained in the 20th Report on Demands for Grants (2006-07) in respect of Ministry of Agriculture (Deptt. of Animal Husbandry, Dairying and Fisheries)
- (4) Memorandum No. 5 regarding 26th Action Taken Report on recommendations contained in the 21st Report on Demands for Grants (2006-07) in respect of Ministry of Food Processing Industries.

2 The Committee then considered and adopted the draft Action Taken Reports with minor additions/modifications as suggested by members of the Committee.

3. The Committee, thereafter, authorized the Chairman to present the above-mentioned Reports to the House on a date and time convenient to him.

The Committee then adjourned.

APPENDIX II
(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE 18TH REPORT
OF STANDING COMMITTEE ON AGRICULTURE
(FOURTEENTH LOK SABHA)

(i)	Total number of Recommendations	19
(ii)	Recommendations/Observations which have been Accepted by the Government Serial Nos. 3, 5, 7, 8, 13, 17 and 18 Total	7
	Percentage	37%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies Nil Total	0
	Percentage	0%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee Serial Nos. 9, 10, 11, 12, 16 & 19 Total	6
	Percentage	31.5%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited Serial Nos. 1, 2, 4, 6, 14 & 15 Total	6
	Percentage	31.5%