

**STANDING COMMITTEE ON AGRICULTURE
(2007-08)**

FOURTEENTH LOK SABHA

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE AND COOPERATION)

DEMANDS FOR GRANTS (2008-2009)

THIRTY SEVENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

APRIL, 2008/CHAITRA, 1930 (Saka)

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Presented to Lok Sabha on 16.04.2008

Laid in Rajya Sabha on 16.04.2008



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NEW DELHI

APRIL, 2008/CHAITRA, 1930 (Saka)

COA No 202

Price: Rs.

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

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2007-2008)

Prof. Ram Gopal Yadav – Chairman

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30. Shri M.Rajasekara Murthy
31. Prof. M.S.Swaminathan

Ceased to be the member of this Committee due to his appointment as Minister of State (Independent charge) in the Council of Ministers w.e.f. 6.04.2008

@ Ceased to be the members of this Committee due to retirement from Rajya Sabha w.e.f. 02.04.2008

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4.	Shri N.S. Hooda	-	Deputy Secretary
5.	Ms. Amita Walia	-	Under Secretary
6.	Shri Sreekanth S.	-	Sr. Exec. Assistant

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, having been authorized by the Committee to submit the report on their behalf, present this Thirty Seventh Report on the Demands for Grants (2008-2009) of the Ministry of Agriculture (Department of Agriculture and Cooperation).

2. The Demands for Grants of the Ministry of Agriculture were laid on the table of the House on 17th March, 2008. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Committee has to consider the Demands for Grants of the concerned Ministries/Departments under its jurisdiction and make a report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) at their sitting held on 29th March 2008. The Committee wish to express their thanks to the officers of the Ministry of Agriculture for giving evidence and for placing before the Committee the study material and information desired in connection with the examination of Demands for Grants of the Department of Agriculture and Cooperation.

4. The Committee considered and adopted the report at their sitting held on 11th April, 2008.

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

NEW DELHI;
11 April, 2008
22 Chaitra, 1930 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

PART - I

Chapter I

INTRODUCTION

1.1 Agriculture, including crop and animal husbandry, fisheries, forestry and agro processing, constitutes the very basis of the socio-economic life of the country. It forms the backbone of the rural livelihood security system and is the core of planned economic development in India, as the trickle-down effect of agriculture is significant in reducing poverty and regional inequalities in the country. Growth in agriculture has a cascading impact on other sectors, spreading the benefits over the entire economy and the largest segment of population. The Finance Minister, during his budget (2008-09) speech has emphasized the importance of agriculture and rolled out certain decisive initiatives aimed at rejuvenating the sector.

1.2 As one of the world's largest agrarian economies, the agriculture sector contributed approximately 18% of India's GDP (at constant 1999–2000 prices) during 2006–07, 10.70% of total exports in 2006–07 and provides employment to around 58.2% of the work force (Census 2001). Rapid growth of agriculture is essential to meet the food and nutritional security of the people and provide livelihood and income in the rural areas.

1.3 The total geographical area of the country is 328.7 million hectares, of which 141.9 million hectares is the net sown area, while 192.8 million hectares is the gross cropped area. The net irrigated area is 60.2 million hectares with a cropping intensity of 136% (Source: DES 2005–06). The average growth during the Tenth Five Year Plan (2002–07) in agriculture and allied sectors is 2.5% as compared to an average of 7.8% for all sectors in the economy. Though the periodic failure of the monsoon in the last few years was a contributory factor for shortfall in the agricultural growth rate, lack of adequate investment in the agriculture and allied sectors is also

one of the primary reasons for deceleration. The share of agriculture in total gross capital formation over the last nearly two decades has progressively declined. The share of the agricultural sector capital formation in GDP at 1999–2000 prices slightly declined from 2.6% in 1999–2000 to 2.5% in 2006–07. The Eleventh Five-Year Plan envisages a 4% growth rate for the agricultural sector. This sector could be one of the major contributors towards the achievement of 9% growth rate for the economy as a whole during the Eleventh Plan Period.

1.4 Thrust Areas: The Government has identified the following thrust areas for the Department of Agriculture and Cooperation in order to achieve 4% growth in the agriculture sector:-

- Revival of coconut plantations;
- Revamping the Agriculture Extension System;
- Operationalisation of the National Rainfed Area Authority and giving targeted attention to unirrigated, rainfed areas;
- Revamping the National Horticulture Mission to make it genuinely area-based in its approach; and
- Establishment of large-scale quality control mechanisms for farmers' inputs, such as soil, seeds, pesticides etc., through establishment of a chain of testing laboratories.

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

1.6 The National Food Security Mission (NFSM), a Centrally Sponsored Scheme, has been launched from 2007–08 in 311 identified districts of the 17 rice, wheat and pulses growing States to increase the production of rice by 10 million tonnes, of wheat by 8 million tonnes and of pulses by 2 million tonnes by the end of the Eleventh Five-Year Plan. The Mission, has an outlay of about Rs. 4,880 crore over five years. In order to incentivise states to allocate more resources for agriculture and allied sectors and to provide flexibility and autonomy to the states in the process of planning and executing agricultural and allied sector schemes, a new State Plan scheme namely, the Rashtriya Krishi Vikas Yojana (RKVY), has been launched during 2007–08 with an envisaged outlay of Rs 25,000 crore during the Eleventh Five-Year Plan.

1.7 The salient features of the recommendations of the National Commission for Farmers headed by Prof. M.S. Swaminathan are as given below:-

- a) Establish a national network of 1000 sophisticated soil testing laboratories;
- b) Have a policy of water for agriculture;
- c) Set up National Agency & Protocol of Seed Certification for Fisheries;
- d) Set up a Rural Insurance Development Fund for promoting insurance coverage;
- e) Good quality seeds, disease free planting material and soil health enhancement hold the key to raising farm productivity. Every farmer is to be issued a soil health passbook containing integrated information on farm soils with corresponding advisories.
- f) Provide support to the banking system to reduce the rate of interest for crop loans to 4%.
- g) Paradigm shift from micro-finance to livelihood finance including insurance for life, health, crop & livestock, infrastructure fund, help to SHGs, Cooperatives and Panchayats;

- h) Need for an Agri-risk fund to provide relief to farmers in case of successive droughts, floods etc.
- i) Moratorium on debt recovery under certain distressed conditions of farmers;
- j) Establishment of credit counselling centres.
- k) Lab to land Programmes;
- l) KVK Panchayat links;
- m) Setting up of a National Agricultural Bio-secure system on a hub and spokes model;
- n) Set up a Livestock Feed Corporation of India jointly with NDDDB, SFAC and NABARD;
- o) Set up a State level Farmers' Commission;
- p) Set up Heritage Gene Banks to protect livestock heritage;
- q) Set up a Gram Panchayat Mahila Fund to enable SHG and other women groups to undertake community activities and meet essential gender specific needs.
- r) Set up Gyan Chaupals at Village level.
- s) Food Security Basket needs to be enlarged to include nutritious millets such as bajra, jowar, ragi and millets, mostly grown in dryland farming areas.

1.8 Based on the recommendations of the National Commission on Farmers, the Government has approved National Policy for Farmers, 2007. Its main features inter-alia include:

- (i) To improve economic viability of farming by substantially increasing the net income of farmers and to ensure that agricultural progress is measured by advances made in this income.
- (ii) To protect and improve land, water, bio-diversity and genetic resources essential for sustained increase in the productivity, profitability and stability of major farming systems by creating an economic stake in conservation.

- (iii) To develop support services including provision for seeds, irrigation, power, machinery and implements, fertilizers and credit at affordable prices in adequate quantity for farmers.
- (iv) To strengthen the bio-security of crops, farm animals, fish and forest trees for safeguarding the livelihood and income security of farmer families and the health and trade security of the nation.
- (v) To provide appropriate price and trade policy mechanisms to enhance farmers' income.
- (vi) To provide for suitable risk management measures for adequate and timely compensation to farmers.
- (vii) To complete the unfinished agenda in land reforms and to initiate comprehensive asset and aquarian reforms.
- (viii) To mainstream the human and gender dimension in all farm policies and programmes.
- (ix) To pay explicit attention to sustainable rural livelihoods.
- (x) To foster community-centred food, water and energy security systems in rural India and to ensure nutrition security at the level of every child, woman and man.
- (xi) To introduce measures which can help attract and retain youths in farming and processing of farm products for higher value addition by making it intellectually stimulating and economically rewarding.
- (xii) To make India a global outsourcing hub in the production and supply of the inputs needed for sustainable agriculture, products and processes developed through biotechnology and Information and Communication Technology (ICT).

- (xiii) To restructure the agricultural curriculum and pedagogic methodologies for enabling every farm and home science graduate to become an entrepreneur and to make agricultural education gender sensitive.
- (xiv) To develop and introduce a social security system for farmers.
- (xv) To provide appropriate opportunities in adequate measure for non-farm employment for the farm households.

1.9 The share of agriculture and allied sectors in total gross capital formation over the last nearly two decades has progressively declined. Public investment in real terms from Sixth Five Year Plan onwards has witnessed a steady decline. Analysis of trends in public investment in agriculture and allied sectors reveal that it declined in real terms (at 1999-2000 prices) from Rs.64,011 crore during the Sixth Plan (1980-85) to Rs.52,108 crore during the Seventh Plan (1985-90) to Rs.45,565 crore during the Eighth Plan (1992-97) and Rs.42,226 crore during Ninth Plan (1997-2002). However, this trend was reversed in the Tenth Plan and public investment in agriculture registered an increase of Rs. 24,993 crore during the Tenth Plan (2002-07) and stood at Rs.67,219 crore. In a written reply, the Government has further explained that during 2006-07 the G.C.F was 12.5% and they intend to raise the G.C.F to 16% during Xith Plan to achieve the target Agricultural growth rate of 4% which was 2.6% in 2006-07.

1.10 The following table gives data on investment in terms of Gross Capital Formation in agriculture and allied sectors:

Trends of Investment in Agriculture (At constant 1999-2000 prices)

(Rupees crore)

Year	GDP from Agriculture & allied Sectors	Gross Capital Formation (GCF) in Agriculture & allied Sectors			GCF in Agriculture as percent of GDP from Agriculture & allied Sectors		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
1999-2000	446515	8670	41481	50151	1.9	9.3	11.2
2000-01	445403	8084	37396	45480	1.8	8.4	10.2
2001-02	473249	9712	47267	56979	2.1	10.0	12.0
2002-03	438966	8734	46934	55668	2.0	10.7	12.7
2003-04	482676	10805	42736	53541	2.2	8.9	11.1
2004-05	482446	13021	44738	57759	2.7	9.3	12.0
2005-06	511013	15947	48564	64511	3.1	9.5	12.6
2006-07	530236	18712	52496	71208	3.5	9.9	13.4
Total Tenth Plan (2002-07)	2445337	67218	235469	302689	2.7	9.6	12.4

Source: Central Statistical Organisation

1.11 The Department have informed the following about steps being taken to prop up the GCF:-

‘Several schemes are already under implementation for increasing capital formation in agriculture. The National Horticulture Mission has been launched in 2005-06 for holistic development of horticulture sector ensuring horizontal and vertical linkages with active participation of all stakeholders. To help spread the network of water saving devices such as sprinkler and drip irrigation throughout the country, a centrally-sponsored Micro Irrigation scheme was launched in January 2006. National Rainfed Area Authority was set up to bring technical focus to problems of rainfed agriculture and to advise on design and convergence of various watershed development schemes. To cover a large area under irrigation, the Government had approved a National project for Repair, Renovation and Restoration of Water Bodies directly linked to agriculture, in January 2005. As massive investments are required to be made in irrigation projects, the Union Budget for 2008-09 has proposed for the establishment of the

Irrigation and Water Resources Finance Corporation (IWRFC). The Accelerated Irrigation Benefit Programme (AIBP) initiated in 1996-97 continues to extend assistance in completion of irrigation schemes which had remained incomplete. Agriculture Technology Management Agency (ATMA) has been under implementation since May 2005 across the country. Through ATMA wherever possible extension activities through PPP mode can be implemented. For supporting agricultural research, National Agricultural Innovation Project has been launched by the ICAR. Dissemination of the research findings to the farmers' fields are handled by the Krishi Vigyan Kendras (KVKs). They also provide training to farmers which assist in enhancing the productivity and hence the income earning capacity of the farmers.

Public as well as private sector participation is encouraged in developing agricultural marketing infrastructure in providing alternate marketing channels for agri-produce in order to facilitate establishment of private market, to allow direct marketing and contract farming to improve post-harvest management under the Central Sector Scheme for Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization. Under the Central Sector Scheme, Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds, assistance is provided for boosting seeds production in the cooperative, public and private sector.

To incentivise the states to increase public investment in agriculture and allied sector, Government has launched Rashtriya Krishi Vikas Yojana (RKVY), a new State Plan Scheme of Additional Central Assistance (ACA) to achieve 4% growth rate in Agriculture and Allied Sector in Eleventh Plan Period with a total Plan provision of Rs.25,000 crore.

In the Union Budget for 2008-09, Government has announced a scheme of debt waiver and debt relief for farmers to benefit especially small and marginal farmers who own not more than 2 hectare of agricultural land. Provision has been made in the budget 2008-09 for providing

one fully fitted mobile soil testing laboratory each to 250 districts of the country before March 2009. Provision has been made for continuance of National Agricultural Insurance Scheme and the Weather based Crop Insurance Scheme on pilot basis in selected areas of five States during 2008-09. Target of Rs.2,80,000 crore has been fixed for provision of agricultural credit during 2008-09.

These measures taken by the Government are expected to create conditions for drawing in private investment as well which has been seen to be complimentary to public investment in agriculture sector.’

1.12 As per the Economic Survey, the trend growth rate in area, input use, credit and capital stock in agriculture during 1980-81 to 2003-04 (per cent/year) is as follows:

Period	1980-81 to 1990-91	1990-91 to 1996-97	1996-97 to 2005-06
Technology ^a	3.3	2.8	0.0
Public sector net fixed capital stock	3.9	1.9	1.4 ^b
Gross irrigated area	2.3	2.6	0.5 ^b
Electricity consumed in agriculture	14.1	9.4	-0.5 ^c
Area under fruits and vegetables	5.6	5.6	2.7 ^c
Private sector net fixed capital stock	0.6	2.2	1.2 ^b
Terms of trade	0.2	1.0	1.7 ^b
Total net fixed capital stock	2.0	2.1	1.3 ^b
NPK use	8.2	2.5	2.3
Credit supply	3.7	7.5	14.4 ^b
Total cropped area	0.4	0.4	-0.1
Net sown area	-0.1	0.0	-0.2
Cropping intensity	0.5	0.4	0.1

^a Yield potential of new varieties of paddy, rapeseed/mustard, groundnut, wheat, maize

^b up to 2003-04. ^c up to 2004-05

The total cropped area, net sown area, crop intensity and the cropped area under fruits and vegetables have dipped during the period 1990-91 to 2005-06 as compared to 1980-81 to 1990-91. The Department have furnished its own figures which are as under and differ from Economic Survey figures:

Trends in Total Cropped Area, Net Sown Area and Cropping Intensity

(Area in million hectares)

Year	Gross Irrigated Area Percentage growth	Fruits & Vegetables Percentage growth	Cropping Intensity Percentage growth	Total Cropped Area Percentage growth
1996-97	6.55		0.61	1.08
1997-98	-0.79	2.31	0.98	0.27
1998-99	3.91	5.68	0.30	0.88
1999-2000	0.54	0.99	-0.52	-1.70
2000-01	-2.82	-0.06	-1.87	-1.62
2001-02	2.82	6.34	2.29	2.34
2002-03	-6.59	2.37	-1.27	-7.43
2003-04	6.05	1.65	1.89	8.30
2004-05	2.56	3.26	0.00	0.12
2005-06	3.29	-0.88	0.74	1.25
Average Growth Rate	1.55	2.41	0.31	0.35

During the period 1996-97 to 2005-06, total cropped area improved from 189.59 million hectares to 192.8 million hectares, an increase of 3.3 million hectares in 10 years. Further, area under fruits and vegetables had increased from 7.5 million hectares in 1996-97 to 8.7 million hectares in 2001-02 and to 9.3 million hectares by 2005-06. However, net sown area declined marginally from 142.9 million hectares in 1996-97 to 141.7 million hectares in 2005-06, a decline of 1 million hectares in 10 years. Also, the cropping intensity improved from 132.6 percent in 1996-97 to 135.9 percent in 2005-06.

1.13 The Department has further explained its position as under:-

The table included in the Economic Survey 2007-08 Trend Growth Rate in area, input use, credit and capital stock in agriculture during 1980-81 to 2002-03 (percent/year) is based on the assessment made by the Planning Commission with regard to the trend growth of various parameters that contribute to agriculture growth.

It is a fact that there has been stagnation in the net area sown and gross area sown during last ten years. The cropping intensity is also a function of irrigated area growth which also was only 0.5 per cent. However, area under fruits and vegetables has grown during this period, although at a slower pace.

For revitalization of agriculture sector, Government has launched two new Schemes namely, National Food Security Mission (NFSM) to increase the production of rice, wheat and pulses by 10, 8 and 2 million tonnes by the end of the XI Plan period and Rashtriya Krishi Vikas Yojana (RKVY) with an objective to incentivise the states so as to increase public investment in agriculture and allied sector, to provide flexibility and autonomy to states in the process of planning and executing agriculture and allied sector schemes and to maximise return to farmers in agriculture and allied sector.

Final Evaluation of Implementation of Recommendations of the Committee contained in the 27th Report on Demands for Grants (2007-2008)

1.14 The Demands for Grants (2007-08) pertaining to the Ministry of Agriculture (Department of Agriculture and Cooperation) were examined by the Committee and a Report (27th Report) was presented to both Houses of the Parliament on 17th April, 2007. Subsequently, on the basis on the Action Taken Notes submitted by the Department, Action Taken Report on the 27th Report was presented to the Parliament. The Further Action Taken Statement submitted by the Department thereon was also laid on the table of both Houses. The final evaluation of implementation of the recommendations made by the Committee in their 27th Report has been summarised in the succeeding paragraph.

1.15 The Report contained 19 recommendations, eight of which were accepted by the Government. These eight recommendations relate to

- (i) Delay in approval of schemes;

- (ii) Integrated scheme for oilseeds, pulses, oilpalm and maize production of breeder, foundation and certified seeds;
- (iii) Organic farming;
- (iv) Credit allocations policy;
- (v) Allocation for crop insurance
- (vi) In crop insurance – Implementation of National Agricultural Insurance Scheme;
- (vii) Agriculture marketing through public, private partnership basis;
- (viii) Horticulture development have been accepted by the Government for compliance.

Six recommendations relating to

- (i) Allocation for the North-Eastern states;
- (ii) National Rainfed Area Authority;
- (iii) Subsidies to Agriculture Sector;
- (iv) Agriculture Credit
- (v) Modified National Crop Insurance Scheme
- (vi) Minimum Support Price,

were not by Government and the Committee reiterated their recommendations. The remaining six recommendations relating to (i) Budgetary allocations; (ii) Scheme for enhancing sustainability of dryland farming system (iii) Global warming (iv) Agriculture extension (v) Extension reforms and the replies formulated by the Government on six recommendations were not accepted by the Committee and were forwarded with further comments. On another five recommendations, the final replies of the Government were not received.

The action initiated on these partially received recommendations and the recommendations which were reiterated by the Committee were intimated subsequently

through the Further Action Taken Statement by the Department which will be laid on the table of the House in the budget session itself.

Chapter II

Overview of Demands

2.1 The Actual expenditure for 2006-07, BE & RE for 2007-2008 and BE for 2008-2009 for Demand No.1 pertaining to the Department of Agriculture and Cooperation are as under:

(Rs. in crore)

Actuals 2006-2007			BE 2007-2008			RE 2007-2008			BE 2008-2009		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
4679.87	666.17	5346.04	5560	387.21	5947.21	6927.94	885.57	7813.51	10105.67	628.78	10734.45

2.2 There has been 31.38% increase in allocation in Revised Estimate (2007-2008) as compared to Budget Estimate (2007-2008). The BE for 2008-2009 is Rs.10734.45 crore. It is an increase of 80.5% as compared to BE (2007-2008). Plan outlay proposed by the Department for 2008-2009 is, however, Rs.10105.67 crore and Non-plan proposal is to the tune of Rs.628.78 crore. The proposal made by the DAC was, however, were Rs. 14893.49 crore.

2.3 Stating the reasons for 31.38% increase at RE stage in 2007-08 the department informed as under:

PLAN

The following new schemes were started at RE stage which account for increase in RE allocation to the extent mentioned above:-

(Rs. In crores)

S.No.	Name of the Scheme	Approved Outlay	Expenditure incurred till 29.02.2008
1.	National Food Security Mission	400.00	366.63
2.	Weather-based Crop Insurance	69.19	69.19
3.	Additional Central Assistance (Rashtriya Krishi Vikas Yojana)	1000.00	983.39
	TOTAL	1469.19	1419.21

NON-PLAN

There was an increased allocation of Rs.500.00 crores for NAFED under Non-Plan Expenditure.

(Rs. In crores)

S.No.	Name of the Scheme	Approved Outlay	Expenditure incurred till 29.02.2008
1.	NAFED	500.00	500.00

Under Non-Plan Budget Head 2401-800-02-020033, Rs.760.00 crores was released during 2007-08 (31.12.2007) to NAFED for meeting losses and interest payable to banks on Price Support Scheme operations of mustard seed undertaken during Rabi 2005 and Rabi 2006 crop seasons.

2.4 The percentage allocation of the Department of Agriculture and Cooperation (DAC) vis-à-vis total Central Plan Outlay of the Government of India during the Tenth Plan and for the two years of the Eleventh Plan are given below.

(Rs in crore)

Sl. No.	Period	Central Plan Outlay			Allocation of DAC	%Share of DAC	
		Total	IEBR	Budgetary Support		Total	Budgetary Support
1	2	3	4	5	6	7	8
1	2002-03	144038	77167	66871	2167	1.50	3.24
2	2003-04	147893	75741	72152	2167	1.47	3.00
3	2004-05	163720	75834	87886	2650	1.62	3.00
4	2005-06	211253	100860	110385	4179	1.98	3.79
5	2006-07	254041	122757	131284	4800	1.89	3.66
6	2007-08	319992	165053	154939	5520	1.72	3.56
7	2008-09	375485	195531	179954	6900	1.83	3.83

2.5 The comparison of the funds allocated to this Department vis-a-vis the funds allocated to some other major Ministries / Departments is as follows.

(Rs in crore)

Ministry/ Deptt.	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
DAC	2167	2167	2650	4179	4800	5560	10104.67
	1.50%	1.47%	1.62%	1.98%	1.89%	1.73%	2.69%

Ministry/ Deptt.	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
AHD&F	300	300	500	669	777	910	1000
	0.21%	0.20%	0.31%	0.32%	0.31%	0.28%	0.27%
DARE	775	775	1042	1150	1350	1620	1760
	0.54%	0.52%	0.64%	0.54%	0.53%	0.51%	0.47%
Agri	3242	3242	4192	5998	6927	8050	9660
	2.25%	2.19%	2.56%	2.84%	2.73%	2.52%	2.57%
DoRD	10270	10270	11437	18334	24026	32000	38500
	7.13%	6.94%	6.99%	8.67%	9.46%	10.00%	10.25%
DouD*	5167	2497	2176	2877	2752	5166	5478
	3.58%	1.69%	1.33%	1.36%	1.08%	1.61%	1.46%
DoT	19463	14955	11660	11801	19509	25562	21435
	13.51%	10.11%	7.12%	5.58%	7.68%	7.99%	5.70%
DoH	1550	1550	1800	2908	11305	13875	15580
	1.08%	1.05%	1.10%	1.37%	4.45%	4.34%	4.14%
GOI's	144038	147893	163720	211253	254041	319992	375485

2.6 The Ministry in their written reply has informed that the Department of Agriculture & Co-operation had proposed plan outlay of Rs.8973.49 crore for the Annual Plan 2008-09, against which an outlay of Rs.6900.00 crore was approved and provided in the Budget 2008-09. The statement indicating the sector-wise outlay proposed by the Department for 2008-09 and accepted by the Planning Commission (and indicated in the budget document, 2008-09) :

Sector wise Approved Outlays For Annual Plan 2008-09 Department of Agriculture & Cooperation						
Rs. in Crore						
Sl No.	Division/Scheme	Annual Plan 2007-08		Annual Plan 2008-09		
		Budget Estimate (BE)	Revised Estimate (RE)	Annual Plan 2008-09 (Proposed)	Budget Estimate (BE)	Increased and Decreased in comparison to the Allocation 2007-08
1	2	3	4	5	6	7
I	Crops	308.00	475.10	1417.61	1201.00	893.00
II	TMOP	308.00	328.75	465.10	328.00	20.00
III	Horticulture	2222.40	1982.67	2356.60	2176.00	-46.40
IV	Integrated Nutrient Management (INM)	30.40	30.28	35.60	83.00	52.60
V	Seeds	114.57	413.98	584.21	178.00	63.43
VI	Plant Protection (PP)	42.50	42.84	66.98	47.00	4.50
VII	Mechanisation & Technology	11.75	12.08	31.00	18.00	6.25
VIII	Rainfed Farming System	102.90	12.48	553.50	352.00	249.10
IX	Natural Resource Management (NRM)	10.75	10.75	11.35	11.00	0.25

1	2	3	4	5	6	7
X	Credit	545.00	846.07	1056.00	752.00	207.00
XI	Cooperation	88.31	90.35	87.25	87.00	-1.31
XII	Agriculture Extension	350.00	248.65	721.16	407.00	57.00
XIII	Directorate of Economics and Statistics	62.40	87.45	104.75	91.00	28.60
XIV	Agriculture Census	14.50	18.50	30.00	20.00	5.50
XV	Agriculture Marketing	170.44	216.32	265.16	168.00	-2.44
XVI	Information Technology (IT)	32.58	17.92	80.00	25.00	-7.58
XVII	Trade	1.00	0.80	1.00	1.00	0.00
XVIII	Secretariat Economic Service	4.00	5.40	6.32	5.00	1.00
XIX	Macro Management	1100.00	1047.55	1100.00	950.00	-150.00
XX	Restructured Scheme for Institutions	0.50				-0.50
	TOTAL	5520.00	5887.94	8973.59	6900.00	1380.00
	State Plan Scheme					
I	Rashtriya Krishi Vikas Yojana	0.00	1000.00	5875.00	3165.67	3165.67
II	Watershed Development in Shifting Cultivation Area in North Eastern States	40.00	40.00	45.00	40.00	0.00
	TOTAL	40.00	1040.00	5920.00	3205.67	3165.67
	GRAND TOTAL	5560.00	6927.94	14893.59	10105.67	4545.67

2.7 Regarding the adequacy of allocation for the Department, the following replies have been submitted:

“The central plan outlay of Rs.6900.00 crore for the Department has registered an increase of 25% over BE 2007-08 of Rs.5520.00 crore. Inclusive of total plan outlay of Rs.10105.67 crore (Plan Schemes 6900 + State Plan Schemes 3205.67) of the DAC as approved by the Planning Commission, though below the projected requirement, registered an increase of more than 80% as compared to BE 2007-08 of Rs.5520.00 crore. As compared to RE 2007-08 of Rs.6927.94 crore, increase in plan allocation for DAC (inclusive of State Plan Schemes) is about 45%.

Thus, inclusive of State Plan Schemes there has been a substantial increase in allocation of DAC compared to BE of 2007-08. These funds are considered adequate, and if the need arises, additional funds will be asked for at the RE stage.”

North-Eastern States:-

2.8 Following is the details of year wise allocation and release of Plan funds by the Department of Agriculture and Co-operation from 2006-07 onwards:-

Total Plan funds of agriculture sector allocated, disbursed and actually utilised by the North Eastern States during 2006-2007, 2007-2008 and 2008-2009

(Rs. In crore)

	2006-07	2007-08	2008-09
Central Plan Outlay for DAC	4800.00	5520.00	6900.00
Provision for NES out of the Central Plan Outlay	480.00	552.00	690.00
Percentage w.r.t. central plan outlay	10%	10%	10%
Released to NES	425.21	558.80*	

(* Anticipated expenditure based on RE of 2007-08)

2.9 It has been informed that the instructions of Planning Commission/ Ministry of Finance for providing 10% of Central Plan Allocation for NES has been complied with. The expenditure mainly depends on requirement from the States/ implementing agencies and unspent balances etc. The actual release to NES was 99.45%, 71.43%, 88.96%, 74.39% and 87.49% against the NES provisions made under RE during 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively.

2.10 Regarding control of the Ministry of Agriculture on the utilisation of funds released to the North Eastern States, the Department apprised as follows:

Under various schemes of the Department, funds are released to these North-Eastern States only after receipt of Utilization Certificates and Physical/ Financial progress statement. At the time of release, the unspent balance with the States as well as the absorption capacity of the concerned State is taken into consideration. As per experience, the existing practice ensures monitoring of pace of utilisation of funds by the States.

2.11 The Committee in their 18th Report on Demands for Grants have recommended 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 the progress made in this regard. The Department have informed that the matter was taken up with the

Ministry of Finance for evolving a procedure to be followed for reflecting the expenditure in Detailed Demands for Grants in consultation with Controller General of Accounts (CGA) who indicated that as per accounting procedure (Rule 72 of GFR, 2005) Major Head 2552 and 4552 cannot be operated as functional heads. The observations of CGA has been sent to the Ministry of Finance for a decision and the matter is still under consideration of that Ministry.

Chapter III

New Schemes

A. Rashtriya Krishi Vikas Yojana (RKVY)

3.1 RKVY: Pursuant to the Resolution adopted on 29 May, 2007 by the National Development Council (NDC), a new State Plan Scheme of Additional Central Assistance (ACA) for agriculture and allied sectors, namely Rashtriya Krishi Vikas Yojana (RKVY) has been launched during 2007-08 with an envisaged outlay of Rs.25000 crore during the 11th Five Year Plan. The broad objective of RKVY is to incentivize the States to increase public investment to achieve 4% growth rate in Agriculture & allied sectors in the 11th Plan period.

The new scheme requires the States to prepare district and State Agriculture Plans and at least maintain the share of expenditure in agriculture and allied sectors in the total State's Plan expenditure. The projects will be approved on year to year basis.

3.2 RKVY incentivizes the states to increase public investment in agriculture and allied sectors taking agro-climatic conditions, natural resource issues and technology into account and integrating livestock, poultry and fisheries more fully while providing more flexibility and autonomy in the planning and execution of schemes.

3.3 RKVY is a State Plan scheme administered by the Union Ministry of Agriculture over and above its existing Centrally Sponsored and Central Sector Schemes. The funds under the scheme are provided to the states as 100% grant. An approach to support a state-specific agricultural strategy which explicitly aims at closing the gap that exists between actual yields and the potential yields for the relevant crops in a State is central to the RKVY. Each state would prepare an Action Plan identifying individual elements (e.g., watershed management, extension

support, seed availability, horticulture development, etc.) that can contribute to achieving specific targets. The States have been provided flexibility and autonomy in the process of selection, planning, approval and execution of schemes. The allocation of funds to the States is based on the net unirrigated area, gross State agricultural product to be attained by the end of 11th Plan and increase in the State Plan expenditure in agriculture and allied sectors.

3.4 The Cabinet Committee on Economic Affairs (CCEA) had approved an outlay of Rs.25,000 crore under the RKVY Scheme for the 11th Five Year Plan as per details given below:

(Rs. in crore)		
Sl No.	Year	Amount
1	2007-08	1500
2	2008-09	5875
3	2009-10	5875
4	2010-11	5875
5	2011-12	5875
Total		25000

However, during 2007-08, an outlay of Rs.1063 crore has been made available under RKVY through 1st (Rs.300 crore) and 2nd (Rs.600 crore) Batches of Supplementary of Demands for Grants and Rs.163 through re-appropriation. It is further expected that Rs.200 crore would be made available through 3rd Batch of Supplementary of Demands for Grants. Hence, an amount of Rs.1263 crore would be made available during 2007-08. An amount of Rs.984.59 crore has already been released to States under RKVY during 2007-08 and release of funds to the tune of about Rs. 270 crore is under process.

For the year 2008-09, an outlay of Rs.3165.67 crore has been approved under RKVY.

B. Rainfed Area Development Programme (RADP)

3.5 Food grain production in the country accrues from about 142 million hectares of cultivated land. Of this, 40 percent is irrigated and accounts for 55 percent of production. The remaining 85 million hectares are rainfed and contribute 45 percent to total output. Rainfed agriculture is complex, diverse and risk-prone and is characterized by low levels of productivity and low input usage. Vagaries of the monsoon result in wide variation and instability in yields. Rainfed areas, therefore, need to contribute substantially to incremental output by producing marketable surpluses more reliably.

3.6 The new scheme entitled Rainfed Area Development Programme addressing specific needs for rainfed areas was announced during 2007-08. The Department is in the process of completing its pre-launch preparations. The scheme has been prepared in consultation with the National Rainfed Area Authority. The scheme will be implemented soon with approval of the Cabinet Committee on Economic Affairs. The Rainfed Area Development Programme will address comprehensive development of prioritized regions in the rainfed areas. This will also help in increasing the agricultural productivity in these areas as well as strengthening livelihood support systems in the rural areas, particularly in the rainfed area. The programme is supposed to be implemented through the machinery of States/ UTs as well as Central Organisations under technical guidance of National Rainfed Area Authority. The scheme will be implemented in rainfed areas of all the States and two Uts viz. Andaman & Nicobar Islands and Dadra & Nagar Havelis. The tentative Eleventh Plan outlay is Rs.3500 crores and the allocation for 2008-09 is Rs.348 crores, out of this Rs.282 crore will be grants-in-aid to States for this programme.

C. National Project on Promotion of Balanced use of Fertilizers

3.7 As an appropriate answer to the skewed consumption of fertilizers in the country, with wide inter-State, inter-District and inter-crop variations, resulting in country's food production

remaining more or less stagnant during the last 7 years and the growth in food production, particularly, showing a declining trend inspite of increase in fertilizer consumption over the last 3 years, DAC, in the INM Division have formulated a Centrally Sponsored Scheme entitled “National Project on Balanced Use of Fertilisers” now proposed to be named as ‘National Project on Management of Soil Health & Fertility’ with a view to promote integrated nutrients management through judicious use of chemical fertilizers including secondary and micro nutrients in conjunction with organic manures and bio-fertilisers to help improve soil health has been formulated and to be implemented from the year 2008-09.

3.8 The scheme also envisages Strengthening of Soil and Fertilisers Testing facilities including establishment of soil testing laboratories to provide soil test based recommendations to the farmers for improving soil facility, augmenting production of organic sources of nutrient; facilitating and promoting use of soil amendments for reclamation of soil, promotion of micro nutrients for improving fertiliser use efficiency and establishment of quality control laboratories to test fertilizers. An allocation of Rs.47.00 crores has been made in the BE 2008-09.

The total outlay of the project for Eleventh Plan is Rs.533 crores.

D. Post Harvest Technology Management

3.9 “Reforming Agricultural Markets & Promoting Post Harvest Technology” has been identified as one of the thrust areas for the Ministry of Agriculture by the Prime Minister’s Office. Accordingly the Department has proposed to implement a new scheme on ‘Post Harvest Technology and Management’ during XI Plan period. Under the scheme the technologies developed by ICAR, CSIR and those identified from within the country and abroad for primary processing, value addition, low cost scientific storage/transport of cereals, pulses, oilseeds, sugarcane, vegetables and fruits and the crop by-product management shall be given thrust. The Scheme basically will focus on lower end of the spectrum of post harvest management and

processing that are not covered under the Ministry of Food Processing programmes or under the National Horticulture Mission.

The main components of the scheme are as under:

- a) Establishment of units for transfer of primary processing technology, value addition, low cost scientific storage, packaging units and technologies for by-product management in the production catchments under tripartite agreement.
- b) Establishment of low cost Post Harvest Technology (PHT) units/supply of PHT equipments with Government assistance.
- c) Demonstration of technologies.
- d) Training of farmers, entrepreneurs and scientists.

The EFC for the scheme is being finalized. The outlay approved by the Planning Commission for the scheme for the XI plan Period is Rs. 40.00 Crores. The Annual plan approved for the year 2008-09 is Rs. 5.00 Crores.

The physical targets proposed under the scheme areas under:

Name of the Scheme	Components of the scheme	Physical targets for XI Plan Period	Physical Targets for 2008-09
‘Post Harvest Technology and Management’	i) Establishment of units of processing technologies (Nos.)	3500	500
	ii) Demonstration of the post harvest management technologies (Nos)	500	70
	iii) Training on technologies (No. of beneficiaries)	5000	750

E. National Food Security Mission (NFSM)

3.10 The National Development Council (NDC) in its 53rd meeting held on 29th May, 2007 adopted a resolution to launch a Food Security Mission comprising rice, wheat and pulses to

increase the production of rice by 10 million tonnes, wheat by 8 million tonnes and pulses by 2 million tonnes by the end of Eleventh Five Year Plan (2011-12). Accordingly, a Centrally Sponsored Scheme of “National Food Security Mission” has been launched from rabi 2007-08 to operationalise the above mentioned resolution. The National Food Security Mission has three components viz. National Food Security Mission-Rice (NFSM-Rice), National Food Security Mission-Wheat (NFSM-Wheat) and National Food Security Mission-Pulses (NFSM-Pulses).

3.11 The main objectives of the National Food Security Mission (NFSM) is to increase production of rice, wheat and pulses through area expansion and productivity enhancement in a sustainable manner in the identified districts of the country; restoring soil fertility and productivity at the individual farm level; creation of employment opportunities; and enhancing farm level economy (i.e. farm profits) to restore confidence among farmers.

3.12 The National Food Security Mission is being implemented in 17 States viz. Andhra Pradesh, Assam, Bihar, Chattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Kerala ,Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamilnadu, Uttar Pradesh and West Bengal. About 20 million hectares of rice and 13 million hectares of wheat are included in the districts of the states that roughly constitute about 50% of cropped area for wheat and rice. For pulses, an additional 4.5 million ha (20% cropped area) would be created.

3.13 The proposed outlay for NFSM during the XI Plan (2007-08 to 2011-12) is Rs.4882.48 crore. Allocation and release of fund under NFSM for 2007-08:-

(Rupees in lakhs)			
Sl. No.	Components	Proposed Outlay	Funds Released
1.	National Food Security Mission-Rice (NFSM-Rice)	70.81	2572.193
2.	National Food Security Mission-Wheat (NFSM-Wheat)	234.55	16335.690
3.	National Food Security Mission-Pulses (NFSM-Pulses)	96.91	5765.036
4.	Publicity (State level)	-	1520.000
5.	Publicity (Central level)	-	528.000
	TOTAL	402.27	26720.919

3.14 The physical targets and Achievements under NFSM are as below:

S. No	Programme	Unit	Target 2007-08	Achievement 07-08	Target 08-09
NFSM-Rice					
1	Demonstration of improved Packages	No	7640	2459	20000
2	Demonstration of SRI	No	4900	1340	10000
3	Demonstration of hybrid rice technology	No	2500	-	5000
4	Production of Hybrid seeds	Qtl	3097	-	150000
5	Distribution of Hybrid seeds	Qtl	1977	-	150000
6	Seed Replacement ratio	Qtl	178577	67615	1700000
6	Micronutrients	Ha	144700	7554	20000
7	Liming of acidic soils	Ha	46,100	-	600000
8	Conoweeders& other implements	No	22,050	1325	600000
9	Pest management	Ha	33500	3326	166500
10	Farm Field Schools	No	877	351	4000
11	Seed Minikits	No	-	-	20000
NFSM-Wheat					
1	Demonstrations	No	44514	96222	120000
2	Seed replacement ratio	Qtl	1993952	1021797	3000000
3	Seed Minikits	No	604380	60000	
4	Micronutrients	Ha	457185	68566	1000000
5	Gypsum	Ha	404250	17439	600000
6	Zerotill seed drill machine	No	7248	1900	6000
7	Rotavators	No	3635	2115	3000
8	Pumpsets	No	11747	2233	15000
9	Farm Field Schools	No	2131	2410	3000
NFSM-Pulses					
1	Breeder seed production by ICAR	Qtl	3939	885	14330
2	Production of foundation and certified seeds	Qtl	98646	34573	121000
3	Distribution of foundation and certified seeds	Qtl	203421	130828	

4	Strengthening of state seeds Certifying agencies	No	-	-	20
5	INM-Lime/Gypsum	Ha	126351	28507	962000
6	INM- Micronutrients	Ha	199380	12530	
7	IPM	Ha	130474	50019	962000
8	Irrigation by Sprinkler set	Ha	18583	4086	44338

3.15 During 2007-08 against an outlay of Rs.400 crore (RE) for NFSM, the expenditure stood at Rs.267.21 crore (66%) as on 12.2.2008. The physical achievements under the Mission also show huge under achievement of targets. The following explanation was furnished by the Department:-

The NFSM was launched from Rabi, 2007-08 only. The physical achievements shown in para were up to December, 2007, based on the first hand information received from different states. Many states could not provide consolidated information as it takes time to receive and compile component-wise information from different districts. Final achievements could only be made available by the end of April, 2008. The progress was also monitored from time to time in several meetings with states and it is expected that the targets/objectives set would be met.

Chapter IV

AGRICULTURAL CREDIT

4.1 Policy initiatives of the Government are formulated to strengthen the farm credit delivery system for providing credit at affordable rates of interest to support the resource requirements of the agriculture sector. The emphasis of these policies has been on providing timely and adequate credit support to farmers with particular focus on small and marginal farmers and weaker sections of society to enable them to adopt modern technology and improved agricultural practices for increasing agricultural production and productivity. The policy essentially concentrates on augmenting credit flow at the ground level through credit planning, adoption of region specific strategies and rationalization of lending policies and procedures and bringing down the rate of interest on farm loans.

4.2 Agricultural credit is disbursed through a multi-agency network consisting of commercial banks (CBs), Regional Rural Banks (RRBs) and cooperatives. With their vast network (covering almost all villages in the country), wide coverage and outreach extending to the remotest parts of the country, the cooperative credit institutions are the main institutional agencies for the dispensation of agricultural credit. There are 1,08,779 Primary Agricultural Credit Societies (PACS), 368 District Central Cooperative Banks (DCCBs) with 12,858 branches, and 30 State Cooperative Banks (SCBs) with 953 branches providing primarily short-term and medium-term agricultural credit in the country. The long-term cooperative structure consists of 19 State Cooperative Agriculture and Rural Development Banks (SCARDBs) with 2,646 operational units as on 31 March 2006 comprising of 788 branches and 764 Primary Agricultural and Rural Development Banks with 1,075 branches. Commercial Banks and RRBs have been advised to finance fifty lakh new farmers every year.

4.3 In order to strengthen the cooperative credit institutions, a package of measures, as recommended by the Vaidyanathan Committee, is under implementation. So far, eighteen States and one Union Territory have executed the MOU with Government of India and NABARD for implementation of the revival package which includes financial support, human resource skill improvement and systems upgradation associated with legal reforms.

The Central Government and the State Governments have also reached an agreement on revival of long term Cooperation Credit Structure. The cost of the package is estimated at Rs.3074 crore of which Central Government share will be Rs.2642 crore or 86% of the total burden. To strengthen the cooperatives and to ensure their democratic, autonomous and professional functioning, the Constitution (106th Amendment) Bill, 2006 was referred to the Parliamentary Committee on Agriculture which has submitted its report. The report is under examination of the Government of India.

4.4 Allocation & expenditure for the credit sector are as follows:

(Rupees in crore)

2005-06			2006-07			2007-08			2008-09
BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE
615.00	837.95	828.75	550.00	680.38	679.38	545.00	846.07	613.19	752.00

During the period from 2005-06 to 2007-08 there has been considerable enhancement of allocation of the RE Stage. Also, while the RE for 2007-08 was Rs.846.07 crore, the BE for 2008-09 is lower at Rs.752.00 crore.

4.5 Finance Minister has announced that the target of Rs. 2,25,000 crore for 2007-08 will be exceeded and was expected to touch Rs.2,40,000 crore by March, 2008. The target set for 2008-09 is of Rs.2,80,000 crore. He also stated that short-term crop loans will continue to be disbursed at 7% p.a. and made an initial provision of Rs.1,600 crore for interest subvention in 2008-09.

4.6 The position of targets and achievement of agricultural credit for the last four years are given below:-

Agency	Target (2004-05)	Disb. (Apr-Mar 2005)	Target (2005-06)	Disb. (Apr-Mar 2006)	Target (2006-07)	Disb. (Apr-Mar 2007)	Target (2007-08)	Disb. (Apr-Jan 2008)
Comm. Banks	57,000	81,481.14 (65)	87,200	1,25,477.01 (69)	1,19,000	1,66,485 (72)	1,50,000	1,15,798 (67)
Coop. Banks	39,000	31,231.44 (25)	38,600	39,403.77 (22)	41,000	42,480 (19)	52,000	37,742 (23)
RRBs	8,500	12,404.00 (10)	15,200	15,222.9 (9)	15,000	20,435 (9)	23,000	19,634 (10)
Other Agencies	-	192.79	-	381.89	-	-	-	-
Total	1,04,500	1,25,309.37	1,41,000	1,80,485.87	1,75,000	2,29,400	2,25,000	1,73,714

* The figure in parenthesis indicates institution-wise share in flow of agricultural credit.

4.7 Rs. 280,000 crores proposed as the target for the financial system (Commercial banks, RRBs and cooperative credit institutions) to lend to agriculture and allied activities would comprise of short-term agricultural loans and term loans for agriculture and allied activities. As per stipulation, the short-term agricultural loans upto Rs. 3 lakhs would be made available to farmers at the rate of interest of 7% p.a. As regards loans above Rs. 3 lakhs the individual lending institutions have the freedom to decide the rate of interest. As regards loans other than short-term loans, loans upto Rs. 2 lakhs by commercial banks is capped by the Prime Lending Rate (PLR) currently ranging from 12.75%-13.25%. For loans above Rs. 2 lakhs banks have the freedom to decide the rate of interest. Cooperatives and RRBs have the freedom to fix the rate of interest on loans other than short-term agricultural loans.

4.8 The Expert Committee on Rural Indebtedness, set up by Government under the Chairmanship of Dr. R. Radhakrishna, Director, Indira Gandhi Institute of Development Research, Mumbai, has submitted its report.

This Report focuses on institutions and instruments that would strengthen the credit delivery mechanism for the farm community in particular and for rural India in general. While doing so, it takes cognisance of the imperatives of addressing the credit absorption and demand-side issues. Policy interventions and institutional reforms essential for resolving the farm crisis, which go beyond the credit delivery system, also form part of this Report. In the long-term interest of the financial system, a positive repayment culture for bank loans deserves to be actively promoted.

4.9 Debt Waiver Scheme

In order to provide relief to the farmers indebted to institutional sources of credit, the Government has announced a scheme of debt waiver and debt relief for farmers In the Union Budget for 2008-09. All agricultural loans disbursed by scheduled commercial banks, regional rural banks and cooperative credit institutions up to March 31, 2007 and overdue as on December 31, 2007 will be covered under the scheme. For marginal farmers (i.e., holding upto 1 hectare) and small farmers (1-2 hectare), there will be a complete waiver of all loans that were overdue on December 31, 2007 and which remained unpaid until February 29, 2008. In respect of other farmers, there will be a one time settlement (OTS) scheme for all loans that were overdue on December 31, 2007 and which remained unpaid until February 29, 2008. Under the OTS, a rebate of 25 per cent will be given against payment of the balance of 75 per cent.

4.10 The Committee voiced certain apprehensions about the modalities of implementation, the qualifying parameters, the loan periods eligible for the waiver, non-consideration of region-wise and crop-wise disparities, possible slant of benefits towards financially better placed farmers, negative message to prompt repayers of loans, overlapping with revival package announced for cooperatives, etc.

4.11 The Department in their written replies have informed that:

To provide relief to the farmers indebted to private moneylenders, banks have been advised to provide loans to the farmer for redeeming the loans taken from private moneylenders.

The rescheduled Agricultural loans, which were restructured and rescheduled by banks in 2004 and 2006 through special packages and other loans rescheduled in the normal course as per RBI guidelines, will also be eligible either for a waiver or an OTS on the same pattern. Finance Minister announced on the floor of the parliament on 14th March 2008 that suggestions are being received with regard to the debt waiver/debt relief package and these would be considered while finalizing the details of the package.

As per published data of RBI, around 70%-75% loan accounts relate to small and marginal farmers and amount disbursed is around 50%. Though the amount disbursed may be skewed in favour of medium and bigger land holding, the number of small and marginal farmers who are likely to be covered would be relatively high in proportion to the number of farmers financed. Cooperatives and RRBs have traditionally large base of customers belonging to the small and marginal farmer community and they would benefit from the scheme.

The revival package for cooperatives (STCCS) has used 2004 as the base year for calculating the losses and assessing the extent of support required by the cooperatives. Societies with less than 50% recovery, which are ineligible for immediate release of funds under the revival package may show an improved recovery position and the minimum capital level may be achieved faster than anticipated due to the funds received under the waiver scheme.

4.12 Further, the Secretary, Department of Agriculture and Cooperation deposed before the Committee as follows:

‘Hon. Members have mentioned that there is a particular date that the loan given up to a particular date would be eligible for waiver; and the overdue would be on a

particular date. They also said: 'what about the regularly repaying farmers? They may feel cheated. What has been done for them? They may have the disincentive not to pay. Similarly, what would happen to the loan taken from the moneylenders? What sort of support services would be there whose loans would be waived so that the benefit is more sustainable?' These are all very important issues. Though the Finance Ministry deals with the subject, but we have been interacting with them right from the beginning. We discussed with them on the issues, viz., what should be done for those who have regular payers? Whether some incentives should be given to them; and also about the loan taken from the moneylenders. Of course, there are some financial constraints also. Certainly, there is a case. Even some arguments were there whether this loan waiver can be for all farmers also.

But looking at the overall demand and the financial constraints, looking at the question of equity and the degree of hardship, it was decided by the Government that some limit has to be there. That is why this two hectare limit was there. Of course, there was an issue whether the two hectares should be common for irrigated area and the non-irrigated area. This point has been raised by many quarters. What should be the financial implication is also an issue. We will discuss with the Finance Ministry all such issues and convey to them the concerns expressed here by the hon. Members, when the implementation work commences.'

4.13 In reply to a query, the Department has further informed that as envisaged in the Comprehensive Credit policy announced by the Government in 2004, the loans provided to farmers by banks to pay off their debts to private money lenders on the same rate of interest applicable to agricultural loans.

Women in Agriculture

4.14 Committee have been informed that the Ministry of Agriculture has mandated 30% of benefits from all development programme to reach women, the target date for which was proposed by the Ministry was 2006-07. However, it has been noted that though women continue to figure in the plans and programmes of the Ministry of Agriculture, their presence is very thin in terms of actual members and resource allocation. They still are not fully recognised as productive agents in agriculture or as farmers. The development programmes are a mix of

- (a) those specially designed for women
- (b) that form components or have special focus on women as part of larger programmes
- (c) that bear critical importance and potential for women.

Women participation in agriculture sector is not restricted to cultivation only. It includes crop production and horticulture, dairying, small animal husbandry, fisheries, poultry, natural resource management including social forestry and minor forest produce. The women have year round employment through a farming systems approach based on crops-livestock-fish integration. However, in the absence of land titles the women farmers do not get Kisan Credit Card and access to credit and credit instruments.

Chapter V

CROP INSURANCE

5.1 National Agricultural Insurance Scheme (NAIS) with increased coverage of farmers, crops and risk commitment, was introduced in India from Rabi 1999-2000, season, replacing the erstwhile Comprehensive crop Insurance Scheme (CCIS) which was prevalent since 1985. The main objective of the scheme is to protect farmers against crop losses suffered on account of natural calamities, such as drought, flood, hailstorm, cyclone, pests and diseases. The scheme is being implemented by the Agriculture Insurance Company of India Ltd (AICL). It is available to all farmers – both loanee and non-loanee – irrespective of their size of holding. At present 23 States and 2 UTs are implementing the scheme.

5.2 The crops in the following three broad groups are covered under NAIS:-

- a. Food Crops (cereals, millets & pulses).
- b. Oilseeds.
- c. Annual Commercial/Horticultural crops.

The department informed that, a specific crop would be covered subject to availability of past yield data for adequate number of years and capacity of the State/UT to conduct requisite number of Crop Cutting Experiments (CCEs) for making the assessment of yield. Subject to satisfaction of these requirements more crops under any of the three categories stated above, can be covered in various States under the scheme.

5.3 The premium rates are 3.5% (of sum insured) for bajra and oilseeds, 2.5% for other Kharif crops, 1.5% for wheat and 2% for other Rabi crops. In the case of commercial/horticultural crops, actuarial rates are being charged. Under the scheme, small and marginal farmers were originally entitled to subsidy of 50% of the premium

charged from them. The premium subsidy has now been phased out over a period of five years. At present, 10% subsidy on premium is available to small and marginal farmers, which is to be shared equally by the Centre and State Governments.

5.4 X Plan Outlay for NAIS Rs. 1500.00 crore

(Rs. in crores)

Year	Allocation	R.E.	Expenditure	Excess/Saving
2005-06	550.00 (including Rs. 1.00 crore for NER)	750.95 (including Rs. 1.95 crore for NER)	749.55 (including Rs.0.55 crore for NER)	(+) 199.55
2006-07	500.00.00 (including Rs. 1.00 crore for NER)	635.37 (including Rs. 1.00 crore for NER)	634.37	(+) 134.37
Total	2015.00 (including Rs.2 crore for NER)	2820.89 (including 2.95 crore for NER)	2491.47 (including Rs. 0.55 crore for NER)	-
XI Plan tentative outlay Rs. 3500.00				
2007-08	500.00	718.88	500.00	Entire amount will be utilised
2008-09	650.00 (tentative)			

During the Xth Plan, except the initial year, regardless of enhancements of allocation at RE stage and subsequent complete utilization, year after year the BEs have been pegged lower than the REs of the previous year.

5.5 Explaining the reasons for allocating consistently lower BEs compared to REs of previous years for the scheme, the Department have informed that:

Budgetary allocation, under the scheme, in the beginning of the financial year is made keeping in view the availability of overall resources to the Department. Further, under NAIS, Central Government is responsible to meet portion of indemnity claims which every time may not be possible to estimate with perfect accuracy. But the fact is that estimated B.E. provision could not be made because of resource constraints within approved outlay of Department of Agriculture & Cooperation. Continuous efforts are being made with Planning Commission for providing adequate B.E. allocation for meeting Government of India liability.

As against the Outlay of Rs.1500.00 crore for X Five Year Plan, Rs.2626.84 crore have been released to the Implementing Agency i.e. AIC as Central Government's 50% contribution for settlement of indemnity claims, premium subsidy, administrative expenses etc. under the National Agricultural Insurance Scheme (NAIS).

5.6 XI Plan Proposals

As against the demand of Rs. 4530.00 crore tentative total Plan Outlay for XI plan period has been provided at Rs.3500.00 crore. Rs.500.00 crores provides as Budget Estimates 2007-08 (1st year of XI Plan) have already been utilised by 7th February, 2008. As against the requirement of Rs.800.00 crores, Revised Estimates 2007-08 has been provided at Rs.718.88 crore. This entire amount provided at RE level will be utilised during the current financial year i.e. 2007-08. Tentative outlay for 2008-09 for NAIS is provided at Rs.650.00 crore as against the proposed requirement of Rs.906.00 crore.

5.7 However, certain inherent difficulties were preventing full acceptance of the Scheme by farmers. A Joint Group was constituted to study improvement to the scheme. The Report of the Joint Group has been agreed to by most of the States/UTs. Based on this, a Modified National Agricultural Insurance Scheme (MNAIS) has been prepared. Even so, the finalisation of the scheme is hanging fire. The Committee has already expressed its displeasure on this inordinate delay through their various reports.

5.8 The Department has informed the following about the present status of the proposed MNAIS:

'Parliamentary Standing Committee on Agriculture (14th Lok Sabha) on Action Taken by Government on the 27th Report of the Committee, in his report has expressed its displeasure on the inordinate delay in finalization of Modified National Agricultural Insurance Scheme (MNAIS) as a Plan Scheme. Planning

Commission has been requested at various levels (including at highest level i.e. at the level of Agriculture Minister) to clear the proposal on Modified NAIS immediately so that further action in the matter can be taken. But no response from Planning Commission has still been received. Recently, while discussing the Annual Plan Proposals 2008-09, Planning Commission while agreeing to the expansion of the existing NAIS, has reiterated their earlier stand i.e. Modified NAIS may be implemented as Non-Plan scheme. This Department is of the view that the issue of plan or non-plan support to the Modified NAIS is required to be resolved by the Ministry of Finance and Planning Commission.

5.9 Under NAIS, during the last twelve crop seasons (i.e. from Rabi 1999-2000 to Rabi 2006-07), 971 lakh farmers have been covered over an area of 1562 lakh hectares insuring a sum amounting to Rs.97,180 crore.

Weather Based Crop Insurance Scheme

5.10 As announced in the Union Budget for 2007-08 Weather Based Crop Insurance Scheme (WBCIS) on Pilot basis is implemented in selected areas. WBCIS intended to provide insurance protection to the farmers against adverse incidence, such as deficit and excess rainfall which are deemed to impact adversely the crop production. It has the advantage to settle the claims within the shortest possible time. The WBCIS is based on actual rated of premium but to make the scheme attractive, premium actually charged from farmers have been restricted to at par with NAIS.

5.11 AIC has implemented the Pilot WBCIS in Karnataka during Kharif 2007 season, covering 44237 farmers for eight rain-fed crops in 70 Hoblies of 10 districts in the State, insuring crops on about 50,000 hectares for a sum insured of approx. Rs.53 crore.

5.12 To have a balanced view of the scheme, the Pilot WBCIS is being implemented on a larger scale in selected areas of 4 States (Bihar, Chhatisgarh, M.P. & Rajasthan) in Rabi 2007-08 season. A review about the progress of implementation of Pilot WBCIS was made in the meeting convened on 22.01.2008 under the Chairmanship of Secretary (A&C).

5.13 During evidence, the Secretary (DAC) informed as under:-

‘In the meantime, a Weather-Based Crop Insurance Scheme (WBCIS) announced in the Union Budget for 2007-08 is being implemented on a pilot basis in selected areas of Rajasthan, Bihar, Madhya Pradesh and Chhattisgarh in Rabi 2007-08. Coverage of 5.58 lakh farmers over an area of about 8.70 lakh hectare has been reported by the Agriculture Insurance Corporation (AIC) during the Rabi 2007-08 season. For Kharif 2008, it has been decided to extend the scheme to selected areas of 15 States.’

5.14 The Committee have further been informed that:

- i. There cannot be any adverse impact on the implementation of WBCIS as Government provides premium subsidy only. The entire claims liability under the scheme is the responsibility of the insurance companies. The budgetary provision of Rs.50 crore can be enhanced if required at the RE stage.
- ii. All the three insurance coys viz. Agriculture Insurance Co, ICICI – LOMBARD and IFFCO-TOKIO have requested to extend the implementation of Pilot WBCIS in the next financial year i.e. 2008-09.
- iii. The Government of India is ready to implement WBCIS all over the country provided the State Governments have necessary past weather data and infrastructure to generate the requisite data pertaining to weather parameters.

Chapter VI

HORTICULTURE

6.1 The horticulture sector, with a wide variety of crops, which include fruits, vegetables, root and tuber crops, mushroom, floriculture, medicinal and aromatic crops, plantation crops like coconut, cashewnut, arecanut contribute over 24 per cent to agricultural GDP with 8.5 per cent area under horticulture crops. There has been substantial increase in export of horticultural produce like cashewnut, spices and the export of fruits, vegetables and flowers have also shown upward trend. However, productivity of large number of horticultural crops, continue to be low.

6.2 Presently, as of 2006–07, horticultural crops occupy around 11% of the gross cropped area of the country producing 191.66 million metric tonnes. India is the second largest producer of fruits and vegetables in the world. The total production of fruits has been estimated at 58.7 million metric tonnes from 6.12 million hectare and 111.71 million metric tonnes of vegetables from an area of 7.14 million hectare. Our share in the world fruit and vegetable production is 9.2% and 9.24%, respectively.

6.3 India is:-

- (i) the largest producer of mango, banana, sapota and acid lime amongst fruits and cauliflower.
- (ii) The second largest producer of coconut, onion, cabbage and vegetables.

6.4 India has made noticeable advancement in production of flowers. Floriculture during 2006–07 is estimated to cover an area of 1.42 lakh hectare, with a production of 7,85,000 metric tonnes of loose and 32.87 million cut flowers.

6.5 India is the largest producer, consumer and exporter of spices and spice products. The total estimated production of spices during 2006–07 is 5.70 million metric tonnes

from an area of 3.06 million hectare. India is also the largest producer and consumer of cashew nuts. It is estimated that the total production of plantation crops during 2006–07 is around 14.06 million metric tonnes from an area of 3.32 million hectare.

6.6 India is considered a treasure house of valuable medicinal and aromatic plant species. The Government of India have identified and documented over 9,500 plant species considering their importance in the pharmaceutical industry. Out of these, about 65 plants have large and consistent demand in world trade. These facts reveal that horticulture is not only an integral part of food and nutritional security, but also an essential ingredient of economic security.

6.7 The horticulture programmes have been implemented through Central Sector and Centrally Sponsored Schemes through State Governments Agencies/Agriculture Universities/Research Institutions etc. There are two autonomous bodies and two Directorates under this Division. Some of the programmes are implemented through them. They are (i) National Horticulture Board, (ii) Coconut Development Board, (iii) Directorate of Cashewnut & Cocoa Development, (iv) Directorate of Arecanut & Spices Development.

6.8 The allocation and expenditure under the Horticulture Sector are as follows: -

2005-06			2006-07			2007-08			2008-09
BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE
1405	1225.50	1202.90	1951	2050.20	1916.40	2222.40	1982.70	1195.78	2176

6.9 Against the RE of Rs.1982.70 crore for 2007-08, the actual expenditure stood at 1800.00 crore. It may also be seen that during 2005-06 and 2007-08 there has been reduction of allocation at the RE stage. The Department have informed that:

‘The funds under the new schemes were released in the second and third quarter of the financial years leading to the accumulation of unspent balances at the implementing agency levels. Further, under National Horticulture Mission funds were earmarked to the tune of Rs.250.00 crore for the terminal market scheme, which could not take off during 2006-07. Therefore, the BE for the current year was reduced from Rs.2222.40 crore to Rs.1982.70 crore.’

6.10 The Budget allocation for Horticulture Division during the year 2008-09 is Rs.1800.00 crore.

The details of the schemes along with the allocations for 2008-09 are as follows:
(Rs. in lakhs)

Sl. No.	Head of Development	Sub-head/ Major Head (Plan)	Budget Estimates 2008-2009
	Horticulture		
A	Central Plan Scheme		
1	National Horticulture Board including Capital Investment Subsidy Scheme for Construction/Modernization/Expansion of Cold Storages etc.	2401.00.119.06	12000.00
	Outlay for NE States	2552	500.00
	Total		12500.00
2	Coconut Development Board (CDB) including Technology Mission on Coconut	2401.00.119.08	7500.00
	Total		7500.00
	Total (A)		20000.00
B	Centrally Sponsored Schemes		
3	Micro Irrigation	2401.00.119.41	50000.00
4	National Horticulture Mission	2401.00.119.40	110000.00
	Total (B)		160000.00
	Total (A+B) : Horticulture		180000.00

6.11 Crop diversification has become imperative for India's agri-economy. Besides, the projected demand for horticulture produce by 2010 is expected to be 300 million tonnes. To address this need, and to give further impetus to encourage growth in cultivation of fruits, vegetables, flowers, spices, etc. National Horticulture Mission was launched during 2005-06 and an amount of Rs. 630.00 crore was released whereas during 2006-07 an amount of Rs. 945.30 crore was released to the implementing agencies and this amounts to a total of Rs. 1575.30 crore during X Plan.

Its main target will be doubling India's horticulture production from 151.66 million tonnes in 2003-04 to 300 million tonnes by the end of 11th Plan by focusing attention on crops like fruits, vegetables, spices, flowers, medicinal and aromatic plants, palms, cashew and bamboo. The goals of the National Horticulture Mission are to: -

- Make available Horticulture produce to all
- Increase exports
- Improve economic condition of farmer
- Sustain golden revolution

National Horticulture Mission (NSM)

6.12 National Horticulture Mission (NSM) was launched during 2005-06 with an objective to provide holistic growth of Horticulture sector through area based regionally differentiated strategies. The mission envisages that by the end of XI Plan about 30 lac hectares of land will be brought under horticulture crops and about 10 lac hectares will be rejuvenated.

The Committee have further been informed that the infrastructure viz. laboratories and other facilities already created in the country including State Agricultural Universities (SAUs), and lying unused or underutilised, will be upgraded and tapped. Facilities for post harvest management both in public and private sectors, will be

enhanced involving pack houses, cold storage units, self help groups of small and marginal farmers and other eligible groups recognised groups/cooperatives will be involved in this endeavour. The concept of terminal markets through public private participation will be promoted in all the States. Infrastructure facilities for processing and marketing of horticulture produce will be set up to meet or handle the increased production.

6.13 During XI Plan, the total budgetary support has been fixed at Rs.8809.00 crore for Mission interventions under the scheme. During 2008-09, a sum of Rs.1100.00 core has been fixed as the budgetary allocation.

Coconut Development Board

6.14 The Coconut Development Board (CDB) is implementing programmes for the Integrated Development of the Coconut Industry and the Technology Mission on Coconut. Coconut is an important cash crop in the Indian economy and provides food and livelihood security to more than 10 million small and marginal farmers in the country. With a production of 14.37 billion nuts from an area of 19.46 lakh hectare(as per 2006-07 estimates), India is the second largest coconut producing country in the world accounting for 24.06 percent of production and 15.99 percent of area.

6.15 During the X Plan out of Rs.150 crore allocated for Coconut Development Board, Rs.145.00 crore has been utilised. The XI Plan allocation is of Rs.200 crore with Rs.75 crore for 2008-09.

6.16 In reply to query regarding endeavours to market diversified coconut based products like packaged tender coconut water, etc., the Department furnished the following reply:

The Coconut Development Board participates in fairs/exhibitions for the market promotion and market expansion of coconut products.

During 2007-08 for participation in the domestic fairs and exhibitions the Board Incurred an amount of Rs. 41.00 lakhs. An amount of Rs. 10.44 lakhs was incurred for participating in the India Show at Muscat. Participation in the domestic exhibitions has helped to popularize coconut products throughout the country and increase the consumption of tender nut water.

There is an export market for coconut products. By participating in the foreign exhibitions, the various coconut products like desiccated coconut powder, virgin coconut oil, tender coconut water, coconut shell charcoal, activated carbon, spray dried milk powder etc. can be introduced and popularized in the foreign markets. Participation in exhibitions will help to heighten consumer awareness. The Board has participated in the following fairs in the last three years.

1. Made in India Show, Bangkok, Thailand -10 to 14 August 2004
2. Kuala Lumpur, Malaysia-14 to 16 July 2005
3. Africa's Big Seven Expo Johannesburg, Africa -22-25 July 2006
4. Sharjah Food Festival, Sharjah – 18-22 September 2006
5. India Show 2008, Muscat, Sultanate of Oman -13-16 February 2008

As a result of participation in International Exhibitions, Indian coconut oil, raw coconut, tender coconut water, desiccated coconut powder etc have an increasing demand particularly in the Middle East. All the manufacturers of packaged tender coconut water and coconut milk powder have been able to make an entry into the gulf region. The manufacturers have pointed out that the

awareness campaign has to be intensified and stepped up substantially to generate export orders on a sustained basis.

6.17 The Department of Agriculture & Cooperation launched a Centrally Sponsored Scheme on the National Bamboo Mission during 2006-07 for the holistic development of bamboo in the country, with 100% central assistance. The Mission activities are spread over a period of 5 years and they are at present implemented in 25 states.

6.18 During the XI Plan, with an approved financial outlay of Rs.498.23 crore, the Mission is set to achieve a plantation of 58,000 hectares and establishment of 135 nurseries.

6.19 The Finance Minister in his budget speech (2006-07) had announced that the Public Private Participation (PPP) model will be employed to set up model terminal markets in different parts of the country.

6.20 The scheme for setting up of Modern Terminal Markets in Public Private Partnership has been approved by Government in November, 2006. The Terminal Markets are to be built, owned and operated by a Corporate/ Private/Co-operative entity (Private Enterprise) either on its own or through adoption of an outsourcing model. The private enterprise could be a consortium of entrepreneurs from agri-business, cold chain, logistics, warehousing, agri-infrastructure and related background. The commodities to be covered by the markets include fruits, vegetables, flowers, aromatics, herbs, meat, poultry and other non -perishables.

6.21 The terminal markets would operate on a Hub-and-Spoke Format, wherein the Terminal Market (the hub) would be linked to a number of collection Centres (the spokes).

Regarding the establishment of the first terminal market in the country, the Department have informed that the Government of Bihar has initiated the process of selection of the private enterprise for setting up a terminal market complex near Patna which is likely to be the first project to become operational. In the qualifying stage, the State Government has shortlisted three suitable agencies and detailed technical and financial bids have been invited from them. The announcement of successful bidder is scheduled to be on 06.05.2008. Thereafter, the selected bidder will have to prepare a DPR, avail Bank approval and sign the agreement with the State Government. It is expected that work on this project would begin during the financial year 2008-09 itself and the project would become operational after two years as stipulated, i.e. during the financial year 2010-11.

Micro-Irrigation

6.22 A centrally sponsored scheme on Micro Irrigation was launched during Xth Plan from Jan, 2006. The scheme involves implementation of drip irrigation and sprinkler irrigation system with the objective to have better water use efficiency (60.70%) increase in yield (30-100%) better quality of produce, saving in fertiliser usage (40%) and weeding cost along with easy intercultural operation in all types of soil including saline soil. The scheme has two major components:

- (i) Area coverage under MI and (ii) Transfer of Technology through human resource development, Financial cost of 50% of total is shared by Centre and State in the ratio of 80:20. Over 50% of cost is borne by beneficiary either through his/her own resources or through soft loan from financial institutions. Total cost of XI Plan has been fixed at Rs.3500 crore out of Rs.500 crore has

been fixed for 2008-09. However cumulative expenditure for Xth Plan was Rs.741 crore only.

6.23 The details of achievement of physical targets during the Xth Plan relating to micro-irrigation are as under:-

(Rs. in Crore)

Sl No.	Name of the Scheme/Project/Program	Unit	Tenth Plan Target	2005-06			2006-07		2007-08		2008-09
				Target	Achiev	Short fall	Target	Achiev	Target	Achiev	Target
1	2	3	4	5	6	7	8	9	10	11	12
	Centrally Sponsored Scheme of Micro Irrigation Launched in Jan, 2006	ha.	6,20,000	217444	11817	205627	410298	336734	350000	200000	375000

The physical targets set for the centrally sponsored scheme of Micro (launched in January 2006) shows huge under-achievements till now. Micro Irrigation is a crucial factor in agriculture considering the role it can play in developing cultivation in arid/semi-arid. Dry land and other regions facing difficult agro-climatic conditions preventing normal irrigation.

6.24 The Department furnished the following replies regarding shortfalls in the performance of the scheme:

The Centrally Sponsored Scheme on Micro Irrigation was launched during January, 2006. Therefore, the target assigned for 2005-06 could not be met. During 2006-07, against a target of 4.10 lakh ha, an areas of 3.37 lakh ha was covered. During 2007-08, an area of 2.62 lakh ha has been covered so far and it is expected that the target of 3.50 lakh ha will be achieved within this financial year.

Fertigation is the application of soluble fertilizers through drip/sprinkler system of irrigation. It is an optional component of Micro Irrigation.

Chapter VII

CROPS

7.1 Agriculture, especially crop production is the mainstay of the Indian economy and supports about 115.5 million farm families. A variety of crops is grown under diverse climatic situations in different cropping systems. Rice-wheat is the main cropping system of the Indo Gangetic Plains, North West and North East Regions. Monoculture of rice is prevalent in the coastal belt of the Eastern and Southern States. A cotton based cropping system is predominant in the rainfed conditions of Central, Southern and Western India and the irrigated areas of the Northern and Western Regions. Sugarcane is predominantly grown in Uttar Pradesh, Maharashtra, Tamil Nadu and Karnataka.

7.2 Following is the estimates of area under cultivation of Rice, Wheat, Pulses, Sugarcane and oilseeds for the last 5 years:-

(lakh hectares)

Year	Area under cultivation of				
	Rice	Wheat	Pulses	Sugarcane	Oilseeds
2002-03	411.76	251.96	204.96	45.20	214.89
2003-04	425.93	265.95	234.58	39.38	236.63
2004-05	419.07	263.83	227.63	36.62	275.23
2005-06	436.60	264.84	223.91	42.02	278.63
2006-07	438.14	279.95	231.92	51.51	265.13

7.3 The Crop-wise break-up of the targets and production for the year 2007-08 are shown below:

Name of the Crop	Kharif(target)	Rabi (target)	Total (target)	Production
1. Rice	80.00	13.00	93.00	94.08
2. Wheat	-	75.50	75.50	74.81
3. Total Coarse cereals	28.70	8.80	37.50	36.09

4. Total Pulses	5.50	10.00	15.50	14.34
Total Foodgrains	114.20	107.30	221.50	219.32
5. Cotton*	22.00	-	22.00	23.38
6. Jute & Mesta**	1.05	-	1.05	1.13
7 Sugarcane (Cane)	310.00	-	310.00	340.32

The production of Oilseeds, as per the Second Advance Estimates is 27.16 million tonnes.

7.4 Under the Crops Division following is the Plan RE and Expenditure for 2005-06, 2006-07, 2007-08 and BE for 2008-09:-

(Rs.in crore)							
2005-06		2006-07		2007-08		2008-09	
RE	Exp	RE	Exp	RE	Exp	BE	
70.00	36.77	67.82	66.81	475.10	293.86	1201.00	

7.5 Explaining the poor financial performance by the Crops Division, the Department replied as under:-

Under Mini Mission – II of Technology Mission on Cotton, the position of fund utilization, is as under:-

(Rs. in lakh)		
Year	Allocation	Expenditure (release)
2005-06	5000.00	4679.82
2006-07	7400.00	6115.08
2007-08	10000.00	6601.78 till feb 2008

The utilization was very good during the year 2005-06 (94%) and 2006-07 (83%). However, during 2007-08, where allocation was increased significantly to Rs.100 crores against the allocation of Rs.50 crores in 2005-06, the States could not propose programmes for additional funds allocated. Besides, the demand for seeds of conventional varieties / hybrids was also reduced due to more area covered under Bt-cotton. The seeds of Bt. Cotton are not certified and hence not eligible for assistance under the scheme. The shortfall was also observed in the drip irrigation system due to its

high cost as many small and marginal farmers could not afford to buy even after availing assistance under the scheme. The utilization of funds during 2007-08, was to the tune of 66 % till February 2008.

7.6 When asked how the Department proposed to utilise the allocation for 2008-09 (Rs.1201.00 crore) which is 253% of the previous year RE, the Department replied as under:

The total allocation of Rs.1201.00 crore is for the following schemes:

Mini Mission-II Technology Mission on Cotton 2008-09	: Rs. 90.00 crore
Technology Mission on Jute	: Rs. 11.00 crore
National Food Security Mission	: <u>Rs.1100.00 crore</u>
Total:	: Rs.1201.00 crore

The increased amount is to be utilized on the new scheme “National Food Security Mission” launched from Rabi season 2007-08. The schemes will be operationalised in full swing in Kharif as well as Rabi season during the year 2008-09.

7.7 The Mini Mission-II of Technology Mission on Cotton is under implementation in 13 States viz; Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal and Tripura and to be continued in the Eleventh Plan period.

Based on the experience gained during the implementation of the scheme some new components have been added / restructured to make the scheme more effective and modified scheme was made effective from 2005-06. Under the revised scheme, the subsidy on the component like distribution of certified seeds and sprayers has been increased besides the rationalization of subsidy on other components. The emphasis has been given on involvement of farmers for learning by doing under FAO model of Farmers Field School approach to reduce the cost of production. Presently, cost of pesticides is a major factor of high cost of cultivation in cotton.

Jute Technology Mission

7.8 The Government of India has approved the launching of a Centrally Sponsored Scheme of Jute Technology Mission (JTM) in June 2006. The Mini Mission-II of JTM on development / extension of raw jute is implemented by the Department of Agriculture & Cooperation for increasing production, productivity and quality of raw-jute (jute, mesta and allied fibre). Mini Mission-II is fully operational from 2007-08.

7.9 The funding pattern under the scheme is mostly on 90:10 sharing basis between the Government of India and the States. The major thrust is being laid on the transfer of technology through field demonstrations and farmers training, provision of incentives for critical inputs to motivate farmers to adopt improved production technologies including Integrated Pest Management, retting technology etc.

Area of operation of MM-II of JTM is as below:-

Jute : Assam, Bihar, Meghalaya, Orissa, Tripura, Uttar Pradesh and West Bengal

Mesta : Andhra Pradesh, Bihar, Meghalaya, Orissa and Tripura.

Sunnhemp : Uttar Pradesh.

Ramie :, Arunachal Pradesh, Assam, Meghalaya, Nagaland and West Bengal.

7.10 The Ministry submitted the following regarding Minimum Support Price for jute:

Minimum Support Price (MSP) is determined for the country as a whole and not region or State-specific. This is since a uniform MSP for the whole country alone can lead to efficient allocation of resources. The possible market distortions involved in the following region-specific MSP, are also to be kept in view. In the case of jute also, a single MSP is recommended by the Commission and approved by the Government. Based on this basic MSP, different MSPs for jute are announced subsequently, keeping in view the quality considerations and consequent price differentials, which vary from place to place. These MSPs are in fact derived prices from the basic MSP fixed by the Government, mainly to ensure that the farmers are paid better prices for their better varieties.

Chapter VIII

AGRICULTURAL MARKETING

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

8.2 Plan Expenditure under Agricultural Marketing:-

(Rs. in crore)

2005-06			2006-07			2007-08			2008-09
BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE
165.50	128.50	117.07	183.20	170.18	144.63	170.44	216.32	128.72	168

8.3 An organized marketing of agricultural commodities has been promoted in the country through a network of regulated markets. Most of the State Governments and Union Territories have enacted legislations (APMC Act) to provide for regulation of agricultural produce markets. While by the end of 1950, there were 286 regulated markets in the country, today the number stands at 7,465 (31.3.2007). Besides, the country has 20,870 rural periodical markets, about 15% of which function under the ambit of regulation. The advent of regulated markets has helped in mitigating the market handicaps of producers/sellers at the wholesale assembling level. But, rural periodic markets in general, and tribal markets in particular, remained out of its developmental ambit.

8.4 To improve the marketing mechanism, large investments are required for development of post-harvest and cold-chain infrastructure near the farmer's fields. Enabling policies need to be put in place to encourage procurement of agricultural commodities directly from the fields and to establish effective linkages between farm production and the retail chain and food procuring industries. A model APMC formulated by the Department for this purpose has been accepted by many States and have initiated steps to amend their APMC Act.

8.5 During evidence the Committee put forward the need to urgently put in place guidelines to regulate contract farming in the country. The Secretary (A&C) replied as under:

There is sometimes confusion between the corporate farming and the contract farming. In case of a corporate farming, a corporate house can takeover the land but in case of contract farming, the farmer continues to not only own the land but also operate the land. So, it remains there. But it can provide certain benefits to the farmer, in the sense that he can get better quality of inputs, extensive services, and there can be an assurance for buying the product at a particular price. But in practice, there have been some problems of enforcement because if the price goes up, the farmer may not like to sell to the contract agency; if the price goes down, there can be other problems. So, there are problems from both sides. So, in the model APMC (Amendment) Act and also rules, we have attempted to provide a legal framework for this. There is also a format of certain agreement. We have already circulated it among the States. We are also trying to sensitise the States to liberalise this system; and ensure that the relevant amendment and the legal framework are in place. We have also suggested a dispute settlement mechanism,

if there is any. We are also trying to address operational issues, which might arise if contract farming is adopted at a larger scale.

Chapter IX

SEEDS

9.1 Seed is a basic and critical input for agricultural production. The Indian Seeds programme recognizes three generations of seeds, namely, breeder, foundation and certified seeds. The details of production of breeder and foundation seeds and of distribution of certified seeds for 2003-04 to 2006-07 and that anticipated for 2007 - 08 are given in the table below:

Type of Seeds	Unit	2003-04	2004-05	2005-06	2006-07	2007-08 (Anticipated)
Breeder Seed production	MT	6,048	6,646	6,865	7,382	7,500
Foundation Seed production	MT	65,000	69,000	74,000	79,000	80,000
Certified / Quality seed Distribution	MT	10,85,900	12,02,618	12,67,438	15,50,100	16,00,000

9.2 Under the Seeds Sector, following are the Plan allocations and expenditure:-

(Rupees in crores)

2005-06			2006-07			2007-08			2008-09
BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE
88.81	71.59	64.54	105.00	114.57	140.30	114.57	413.98	278.74 (as on 31.01.2008)	178.00

9.3 The following is the budgetary allocation for the 'Development and Strengthening of Infrastructure facility for production and distribution of quality seeds' Scheme

	2005-06	2006-07	2007-08	2008-09
BE	25.50	90.00	97.57	150.00
RE	65.33	109.57	409.04	-
Actual Expenditure	60.31	136.18	409.04	-

The Central Sector Restructured Scheme 'Development and Strengthening of Infrastructure Facility for Production and Distribution of Quality Seeds' intends to develop and strengthen the existing infrastructure facility for the production and distribution of certified/quality seeds.

9.4 Explaining the low allocation for 2008-09 and its impact on the performance of the Scheme the Department informed as follows:

The Seeds Division had requested for an allocation of Rs.556 crore for the year 2008-09 under the Central Sector Scheme 'Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds' and also for implementation of the Prime Minister's Relief Package in the suicide affected districts of Andhra Pradesh, Maharashtra, Karnataka and Kerala. However, only an amount of Rs.150 crore has been allocated in BE (2008-09).

It has been stated that an amount of Rs.830.10 crores is to be released under the Prime Minister's Relief Package to the States of Andhra Pradesh, Maharashtra, Karnataka and Kerala during the period of three years starting from 2006-07 for supplying of certified seeds at 50% subsidy to the farmers. So far, an amount of Rs.73.69 crores has been released during the year 2006-07 and an amount of Rs.201.55 crores has been released during the year 2007-08 (till 20.3.2008). In addition, an amount of Rs.109.00 crore is proposed to be released during the year 2007-08 on receipt of the amount at the 3rd Batch of Supplementary Demands for Grants (2007-08). Therefore, a total amount of Rs.384.24 crore will be released by the end of 2007-08 and the remaining amount of Rs.445.86 crore [$\text{Rs.}830.10 - (73.69 + 201.55 + 109.00) = 445.86$ crore] is proposed to be released during the year 2008-09.

Against the total requirement of Rs.556.00 crore for the year 2008-09, an amount of Rs.150.00 crore has been provided in the BE (2008-09). Hence, the allocation has to be augmented to meet the requirements.

9.5 The Seed production in the country during the Xth Plan period and the first year of the XI Plan is as follows:

Production / Availability Of Certified/Quality Seed						
Qty. In Lakh Quintals						
	Xth Plan period					XIth
CROP	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
WHEAT	31.5	36.53	47.83	40.01	45.68	67.00
PADDY	29.21	32.28	31.56	36.7	40.35	53.54
MAIZE	4.55	10.25	8.15	8.86	8.08	5.53
JOWAR	3.66	3.9	3.52	4.11	3.48	2.78
BAJRA	2.63	3.47	2.84	3.49	2.43	2.44
RAGI	0.25	0.27	0.27	0.26	0.28	0.3
BARLEY	0.52	0.62	0.71	0.54	0.72	2.41
CEREAL TOTAL	72.32	87.32	94.88	93.97	101.01	134.00
GRAM	2.45	2.58	3.27	2.96	5.7	6.08
LENTIL	0.31	0.43	0.47	0.41	0.26	0.63
PEAS	0.36	0.62	0.65	0.34	0.44	1.15
URD	1.34	1.65	1.38	2.07	1.46	1.79
MOONG	0.96	0.94	1.14	1.9	1.63	1.69
ARHAR	0.86	0.86	0.85	0.99	1.19	1.67
COWPEA	0.12	0.09	0.1	0.11	0.13	0.17
MOTH	0.03	0.02	0.04	0.06	0.06	0.06
OTHERS	0.03	0.02	0.02	0.03	0.13	0.18
PULSES TOTAL	6.46	7.21	7.92	8.87	11.01	13.41
GROUNDNUT	7.3	10.1	6.82	11.19	11.14	17.62
RAPE/MUST.	1.05	1.08	1.64	1.6	1.97	1.96
TIL	0.22	0.17	0.18	0.23	0.21	0.2
SUNFLOWER	1.07	1.18	1.03	1.33	1.02	1.11
SOYABEAN	6.62	9.52	11.81	14.78	13.48	16.91
LINSEED	0.01	0.02	0.01	0.01	0.02	0.03
CASTOR	0.44	0.51	0.45	0.56	0.63	0.56
SAFFLOWER	0.1	0.12	0.1	0.13	0.08	0.09
NIGER/others		0	0.03	0	0.06	0.02
OILSEED TOTAL	16.81	22.7	22.07	29.83	28.61	38.51
COTTON	3.67	3.07	3.01	2.88	2.56	2.61

JUTE	0.2	0.22	0.2	0.52	0.37	0.8
MESTA/OTHER	0.5	0.01	0.01	0.02	0.06	0.18
FIBRE TOTAL	4.37	3.3	3.22	3.42	2.99	3.58
POTATO	3.8	3.7	3.97	4.17	4.15	4.35
OTHERS	0.2	0.15	0.21	0.25	0.41	0.47
GRAND TOTAL	103.96	124.38	132.27	140.51	148.18	194.31

9.6 The demand and availability of certified/quality seeds for the last three years is as follows:

<u>DEMAND AND AVAILABILITY OF CERTIFIED/QUALITY SEED</u>						
QTY. IN LAKH QUINTALS						
CROP	2005-06		2006-07		2007-08	
	D	A	D	A	D	A
WHEAT	34.41	40.01	43.25	45.68	62.86	67.00
PADDY	29.27	36.7	34.45	40.35	46.55	53.54
MAIZE	3.28	8.86	4.83	8.08	5.91	5.53
JOWAR	2.47	4.11	2.65	3.48	2.7	2.78
BAJRA	1.94	3.49	1.51	2.43	2.16	2.44
RAGI	0.25	0.26	0.29	0.28	0.3	0.3
BARLEY	0.45	0.54	0.67	0.72	1.38	2.41
CEREAL TOTAL	72.07	93.97	87.65	101.01	121.86	134.00
GRAM	3.15	2.96	3.65	5.7	5.85	6.08
LENTIL	0.2	0.41	0.28	0.26	0.71	0.63
PEAS	0.37	0.34	0.49	0.44	1.27	1.15
URD	1.28	2.07	1.35	1.46	1.63	1.79
MOONG	0.92	1.9	1.17	1.63	1.85	1.69
ARHAR	0.87	0.99	1.08	1.19	1.47	1.67
COWPEA	0.11	0.11	0.11	0.13	0.21	0.17
MOTH	0.06	0.06	0.05	0.06	0.2	0.06
OTHERS	0.03	0.03	0.13	0.13	0.19	0.18
PULSES TOTAL	6.99	8.87	8.34	11.01	13.39	13.41
GROUNDNUT	7.84	11.19	10.96	11.14	17.5	17.62
RAPE/MUST.	1.29	1.6	1.52	1.97	1.83	1.96
TIL	0.15	0.23	0.14	0.21	0.19	0.2
SUNFLOWER	0.57	1.33	0.89	1.02	1.07	1.11
SOYABEAN	10.55	14.78	11.4	13.48	16.14	16.91
LINSEED	0.02	0.01	0.03	0.02	0.04	0.03
CASTOR	0.46	0.56	0.5	0.63	0.46	0.56

SAFFLOWER	0.1	0.13	0.07	0.08	0.03	0.09
NIGER/others	0.01	0	0.03	0.06	0.03	0.02
OILSEED TOTAL	20.99	29.83	25.55	28.61	37.35	38.51
COTTON	2.42	2.88	2.45	2.56	2.35	2.61
JUTE	0.2	0.52	0.34	0.37	0.45	0.8
MESTA/OTHER	0.02	0.02	0.05	0.06	0.45	0.18
FIBRE TOTAL	2.64	3.42	2.84	2.99	3.25	3.58
POTATO	4.17	4.17	4.15	4.15	4.35	4.35
OTHERS	0.22	0.25	0.24	0.41	0.55	0.47
GRAND TOTAL	107.08	140.51	128.76	148.18	180.74	194.31
D- DEMAND						
A - AVAILABILITY						

9.7 On the query of share of private seed companies, the Ministry in a written reply provided the following comparison with Public Sector:

Role of Public and Private Sector in making available certified/quality seed of major crops in 2007-08							
Sl. No	Crop	Quantity in Qtls.			Percentage		
		Public	Private	Total	Public	Private	Total
1	Wheat	4251487	2213588	6465075	65.76	34.24	100
2	Barley	80863	160492	241355	33.50	66.50	100
3	Paddy	3587741	1766503	5354244	67.01	32.99	100
4	Maize	115695	437315	553010	20.92	79.08	100
5	Jowar	61377	216430	277807	22.09	77.91	100
6	Bajra	84372	159150	243522	34.65	65.35	100
7	Gram	304701	303092	607793	50.13	49.87	100
8	Lentil	61545	967	62512	98.45	1.55	100
9	Peas	108192	6550	114742	94.29	5.71	100
10	Urd	98655	80390	179045	55.10	44.90	100
11	Moong	88671	80088	168759	52.54	47.46	100
12	Arhar	120085	46916	167001	71.91	28.09	100
13	Groundnut	825125	936927	1762052	46.83	53.17	100
14	Soybean	901353	789405	1690758	53.31	46.69	100
15	Sunflower	14746	95823	110569	13.34	86.66	100
16	Rape/Mustard	135629	60733	196362	69.07	30.93	100
17	Cotton	53498	207260	260758	20.52	79.48	100
18	Jute	42525	37077	79602	53.42	46.58	100
	Total :	10936260	7598706	18534966	59.00	41.00	100

Chapter X

CO-OPERATION

10.1 The Department of Agriculture and Cooperation is implementing the following main schemes/programmes to promote cooperatives in India for achieving the aforesaid objectives.

- (a) Cooperative Education and Training
- (b) Cooperative Education and Training Activities in the North-Eastern Region
- (c) Development Activities for women
- (d) Cooperative Development Programmes through National Cooperative Development Corporation
- (e) Cooperative Spinning Mills
- (f) Cooperative Storage and Cold Storage
- (g) Integrated Cooperative Development Projects
- (h) Strengthening of National-level Federations
- (i) Gender in Agriculture
- (j) Revitalization of Cooperatives
- (k) Amendment to the Constitution in respect of Cooperatives
- (l) Price Support Scheme
- (m) Market Intervention Scheme (MIS)

10.2 Following is the Plan allocation for Cooperative:-

Rs. (In crore)

2005-06			2006-07			2007-08			2008-09
BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE
110	100	96.35	100	128	124	88.31	90.35	61.90 till (31.01.08)	87

The Department explained the decrease in Plan BE from 2006-07 onward as under:-

During the Tenth Plan, there is a component under the Central Sector Scheme in which Corpus Fund for Cooperative Education & Training amounting to Rs. 20.00 crore, 40 crore and 40.00 crore was released to NCUI during the years 2004-05, 2005-06 and 2006-07 respectively. As the Govt. of India matching contribution of Rs. 100.00 crore to the Corpus Fund for Cooperative Education & Training had been completed during the year 2006-07, hence decreased BE onwards.

10.3 The Non-Plan expenditure for Cooperative Division:

Rs. (in crore)									
2005-06			2006-07			2007-08			2008-09
BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE
260	260	260	260	260	560	260	760	760	500

For the year 2006-07 and 2007-08 the Non-Plan Expenditure by the Cooperative Division has far exceeded the BE/RE. In fact, the enhanced RE of Rs. 760 crore for 2007-08 has been reached by December 2007 itself.

10.4 The Department furnished the following as the reason for the above situation:-

The Department of Agriculture and Cooperation is implementing Price Support Scheme (PSS) for procurement of oilseeds and pulses through NAFED which is the Central nodal agency at the Minimum Support Price (MSP) declared by the Government. NAFED undertakes procurement of oilseeds and pulses under PSS as and when prices fall below the MSP. Procurement under PSS is continued till prices stabilise at or above the MSP. Losses, if any, incurred by NAFED in undertaking MSP operations are fully reimbursed by the Central

Government. Profit, if any, earned in undertaking MSP operations is also credited to the Central Government.

The rates of mustard continued to rule low and the market remained depressed during 2005-06 and 2006-07. Under PSS, the Government has to reimburse losses including interest to banks. Against the likely losses, it was imperative for releasing of the amount to reimburse losses to NAFED to prevent the accounts becoming NPA and penal interest which had to be borne by the Government. Therefore, the following amount was released to NAFED in PSS mustard account of 2005 and 2006:-

Amount paid in 2005-06	=	260.00
Amount paid in 2006-07	=	560.00
Amount paid in 2007-08 (upto 19.3.2008)	=	<u>760.00</u>
Total amount paid	=	1580.00

Since October 2007, the disposal price of mustard seed has been improving gradually. However, it is anticipated that the total losses on disposal of mustard seed procured during Rabi 2005 and 2006 are likely to be around Rs. 1992.39 crore. Against this Government has already released Rs. 1580.00 crore. Looking to the anticipated losses to be reimbursed as well to cover up the losses likely to be incurred on other commodities procured under Price Support Scheme and Market Intervention Scheme, the BE of Rs. 500 crore has been proposed for 2008-09. In case of any exigency, an enhanced provision may be required.

10.5 The Committee in their 9th Report on Demands for Grants 2005-2006 had recommended to grant Deemed University Status to Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune, a premier institute in the field of cooperative management conducting professional degree courses. When enquired about

the present status of efforts to accord deemed university status to the Institute, the department replied as under:

NCUI submitted a proposal to this Department for setting up Jawahar Lal Nehru International Cooperative University with main campus at VAMNICOM, Pune and off campus at all the Regional institutes of Cooperative Management (RICMs)/Institutes of Cooperative Managements (ICMs). The Department of Agriculture & Cooperation has already given "No Objection Certificate" for setting the proposed Cooperative University. For the purpose of establishing the proposed University, as per UGC requirements, a society in the name of Jawahar Lal Nehru Cooperative International Institute has been established under Societies Registration Act, 1860. A Corpus Fund of Rs.3.00 crore has also been created by NCUI in the name of the Institute as per requirement of UGC. A detailed Project Report has also been submitted to Ministry of Human Resource Development, which has also forwarded it to the UGC. UGC is in process of constituting team(s) of experts to inspect the units.

10.6 Most of the Cooperatives in India are financially and structurally weak. When asked as what steps the government have taken to strengthen the sick cooperatives and revive them expeditiously; the Government replied:

The Cooperative credit system, which are the main financial institution for catering to the credit needs of the farmers more particularly the small and marginal farmers, have become sick due to financial, structural and managerial weaknesses. In order to revive the short-term rural cooperative credit institutions, a package of measures as recommended by the Vaidyanathan Committee with estimated financial outlay of Rs.13596 crore, is under implementation. So far, 17

States, viz., Andhra Pradesh, Arunachal Pradesh, Bihar, Chattisgarh, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Nagaland, Rajasthan, Orissa, Punjab, Tamil Nadu, Tripura, Uttarakhand, Uttar Pradesh and West Bengal have executed the MoUs with Government of India and NABARD for implementation of the revival package.

The Central Government and the State Governments have reached an agreement on the content of the package to implement the Prof. Vaidyanathan Committee's Report on reviving the long-term cooperative credit structure. The cost of the package is estimated at Rs.3,074 crore, of which the Central Government's share will be Rs.2,642 crore or 86% of the total burden.

To strengthen the cooperatives and to ensure their democratic, autonomous and professional functioning, the Constitution (106th Amendment) Bill, 2006 has been introduced in Lok Sabha on 22nd May, 2006. The Bill was referred to the Standing Committee. The Committee has submitted its report. The report of the Committee is being examined.

Chapter XI

INTEGRATED NUTRIENT MANAGEMENT

11.1 Consumption of Fertilizers, 2000–07

(lakh tonnes)

Year	Urea	DAP	MOP[N1]	Nitrogen (N)	Phosphate (P)	Potash (K)	Total
2000–01	191.86	58.84	18.29	109.20	42.15	15.67	167.02
2001–02	199.17	61.81	19.93	113.10	43.82	16.67	173.60
2002–03	184.93	54.73	19.12	104.74	40.19	16.01	160.94
2003–04	197.67	56.24	18.41	110.77	41.24	15.98	167.99
2004–05	206.65	62.56	24.06	117.13	46.24	20.61	183.98
2005–06	222.97	67.64	27.31	127.23	52.04	24.13	203.40
2006–07	243.37	73.78	25.86	137.74	55.43	23.35	216.52[N2]

The all-India average consumption of fertilizers has also registered an increase in 2006–07 over 2005–06 from 104.5 kg/ha to 112.76 kg/ha. A great deal of variability has, however, been observed in fertilizer consumption among the States. Whereas, the per ha consumption is 219.48 kg in Andhra Pradesh, 209.59 kg in Punjab and 186.68 kg in Tamil Nadu, the consumption is comparatively low in Rajasthan, Orissa, Jharkhand, Madhya Pradesh and certain other States. The consumption is just 5 kg/ha in some of the Northeastern States.

11.2 Following is the allocation & expenditure under the Integrated Nutrient Management sector:-

Rs. (In crore)									
2005-06			2006-07			2007-08			2008-09
BE	RE	Actuals	BE	RE	Actuals	BE	RE	Actuals	BE
29.50	22.88	22.23	30.40	30	26.32	30.40	30.28	11.90	83

Subsidy for Fertilizers:

11.3 The following are the provisions made by the Government for subsidy to the fertiliser industry during 2008-09:

(i)	Subsidy on imported fertiliser	Rs.7238.89 crore
(ii)	Subsidy on decontrolled fertilisers	Rs.10847.10 crore
(iii)	Subsidy on indigenous fertilisers	Rs.12900.37 crore
	Total	Rs.30986.36 crore

11.4 The Department has informed that the amount of subsidy paid on fertilisers from 2004-05 to 2007-08 is as under:

Subsidy on Fertilisers (Rs. In crores)			
Years	Urea	P&K Fertilizers	Total Subsidy disbursed
2004-05	10637	5142	15779
2005-06	11749	6550	18299
2006-07	15924	10298	26122
2007-08	25654	20005	45659

The Department of Fertilisers has estimated a subsidy requirement of Rs. 60,649.36 crores.

11.5 The Government in its implementation budget document for 2007-08 stated that the modalities for providing an alternative method of delivering the fertiliser subsidy directly to the farmers is being worked out..

The Department furnished the following on the subject:

The fertiliser industry got a study conducted on the subsidy regime, especially on directly releasing through Tata Consultancy Services. The Report was presented by Fertiliser Association of India to the Department of Fertilisers.

The proposal has been examined by the Group of Ministers (GOM) constituted to look into sustainable use of fertilisers and pertinent subsidy and pricing issues. The GOM after considering various options of delivering subsidy to farmers, did not make any recommendation on the specific issue of direct

subsidy to farmers. The Government is responsible to be examining alternative methods of delivering subsidy.

The Department have also informed that there is no proposal for providing subsidy on production of bio-fertilizers at the moment. However, 25% subsidy, restricted to 20 lakhs (for 150 tonnes per annum capacity) is being provided for setting up of bio-fertilizers production units.

11.6 Further during evidence the Secretary (DAC) submitted as follows:

Whatever subsidies are now given, there is a bias in favour of urea. So, there is an overuse of nitrogen. There is also an anomaly that nitrogen from urea is much cheaper than nitrogen from complex and other fertilisers. So, that has led to various types of unbalanced use of fertilisers. As the hon. Chairman rightly mentioned, the fertiliser use has gone up significantly but the production has gone up that much only. That means, the response to fertilisers and even to other inputs is coming down. That is found even in many developed States like Punjab. We may use more fertilisers and inputs but the response is less. There are a number of reasons for all this. One is the unbalanced use of fertilisers. The other is that the soil and water quality is deteriorating. So, how to address it? Of course, one of the measures could be that it could be nutrient based. Irrespective of the fertiliser, same nutrient should cost the same, so that more and more farmers could be encouraged to use potassium, phosphorus and so on. About the nutrient based, some recommendations have emerged informally at the GoM, and that will also go to the Cabinet. We would also encourage the farmers to use sulphur to some extent so that companies are also encouraged to use more sulphur in the fertilisers that they are manufacturing. These steps are being taken.

But about the direct subsidy to farmers, I must frankly admit that the Group of Ministers has not been able to finalise any decision. There are various aspects they have discussed but they have not been able to come to a conclusion on this issue so far because some Members were very much in favour of this; some of the companies of fertilisers are also supporting this. Administratively also, it could have some problems. But one can make a beginning. Some Members feel that it can create certain operational problems as to how to identify the farmers; whether there are share croppers and so on. At the village level also, there can be a lot of issues. So, because of all these problems, they have not been able to come to any conclusion.

About the total provision in the Budget, it appears – in various meetings also the Ministry of Fertilisers, which is handling this subject has pointed out – that the provision is not adequate. Even yesterday also some discussions took place where it was pointed out. They have brought it to the notice of the Finance Ministry to make additional provision. So, this issue is being addressed. Also from the Ministry of Agriculture, we are very closely monitoring and interacting with the Ministry of Fertilisers as to how to ensure that the fertiliser adequately reaches during the next Kharif season.

National Project on Organic Farming

11.7 To ensure adequate availability of fertilizer to farmers, the Department of Agriculture and Cooperation (DAC) makes a demand assessment well in advance through half-yearly input zonal conferences in consultation with the State Governments, Department of Fertilizers and the Fertilizer Industry. Thereafter, the Essential Commodities Act (ECA) Supply Plan and Movement Orders are issued under the

Fertilizers Movement Control Order for indigenous and imported urea by the Department of Fertilizers to ensure its timely availability. The National Project on Organic Farming (NPOF) is proposed to be implemented as a full-fledged scheme during the XI Five Year Plan Period with an outlay of Rs.150 crore. The proposed BE 2008-09 is Rs.30.00 crore.

11.8 The objectives of the Scheme are as under:-

- (a) To facilitate, encourage and promote development of organic agriculture in the country
- (b) Putting in place a system of certification of organic produce
- (c) To augment production of organic sources of nutrients like biofertilisers, organic manure and compost etc.
- (d) To assist group of organic farmers by providing capacity building through service provider.
- (e) To impart training to service providers, farmers, extension staff and organization engaged in production and promotion of organic farming.
- (f) To organize field demonstration with various organic inputs.
- (g) Quality control of organic inputs.

Chapter XII

AGRICULTURAL EXTENSION

12.1 Agricultural Extension is aimed at promoting agricultural development by providing farmers with information and training on continuous basis regarding improved production technologies and their adoption. Public research and extension played a major role in increasing production and productivity in agriculture and allied sectors in the past. The nature and scope of agricultural extension has undergone fundamental changes since then. Transferring research results on farmers' fields is an important challenge facing us today. The Department of Agriculture and Cooperation (DAC) has taken several initiatives to revitalize the agriculture extension system in the country.

These initiatives include:

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

12.2 National Commission on Farmers has made following recommendations/observations related to Extension:

- (a) Social prestige and status accorded to farmers are low

- (b) Commodity based farmers organization should be promoted
- (c) Public extension functionaries should be empowered and sensitized to meet the demands particularly by forging research-extension-education-farmer-market linkages.
- (d) Farmer-to-farmer learning is the most credible and effective.
- (e) Regular training of input dealers/suppliers/retailers should be organized.
- (f) ICT should be effectively harnessed to empower rural men and women.

12.3 Plan allocation and Expenditure for the last three years and BE for 2008-2009 is as under:

(Rs. In Crore)

2005-06			2006-07			2007-08			2008-09
B.E.	R.E.	Actuals	B.E.	R.E.	Actuals	B.E.	R.E.	Actuals	B.E.
148.10	169.61	166.63	225.65	209.34	201.88	350.00	248.65	215.45	407.00

Rs. 350 crore allocation for Extension Division during 2007-08 has been curtailed to Rs. 248.65 at the R.E. stage. The expenditure made also seems to justify the cut.

12.4 The amount of Rs. 407 crores is proposed to be utilized on the various schemes of the Extension Division in the following manner:

S. No.	Name of the Scheme	Amount (Rs. In Crores)
1	Support to State Extension Services for Extension Reforms	298
2	Mass Media Support to Agri. Extension	87
3	Establishment of Agri. Clinics/Business Centres	10
4	Extension Support to Central Institutes/DOE	12
	Total	407

Support to State Extension Programmes for Extension Reforms

12.5 This Scheme launched during 2005-06, aims at making 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 district level to operationalize the extension reforms. ATMA will have active participation of farmers / farmer groups, NGOs, Krishi Vigyan Kendras, Panchayati Raj Institutions and other stakeholder operating at district level and below. The release of funds is based on State Extension Work Plans (SEWPs) prepared by the State Governments.

12.6 The cafeteria of activities being supported under the Scheme includes state level activities viz. Support to State level Training Institute (SAMETI), training and exposure visits of extension functionaries, state level exhibitions, monitoring and evaluation, rewards and incentives, etc. The district level activities include farmer-oriented activities (training, demonstration, exposure visit, group mobilization and capacity building), information dissemination (exhibition, information technology, print media), research extension farmer linkages, etc.

Implementation Status (since its launch in May, 2005):

- Total of 567 rural districts are covered under the scheme, out of which 565 ATMAs have been constituted in 27 States and 2 UTs.
- Institutional arrangements viz. Inter Departmental Working Group (IDWG), State Agriculture Management and Extension Training Institute (SAMETI) in 27 States and 2 UTs, ATMA Core Committees – Governing Board (GB) and ATMA Managing Committee in 565 districts and Block

Technology Team (BTT) in 3083 Blocks and Farmer Advisory Committees (FACs) in 3042 Blocks have been operationalized.

- As against the B.E. of Rs. 230.00 crore and R.E. of Rs. 153.52 crore, an amount of Rs. 148.48 crore has been released to the States and MANAGE, Hyderabad for implementation of the Scheme.
- Over 17.80 lakh farmers including 5.4 lakh farm women (30%) have participated in farmer oriented activities like exposure visit, training, demonstration & kisan melas since the inception of the programme.
- Over 8800 Commodity based Farmer Interest Group (CIGs) have been mobilized under the scheme.

12.7 While briefing the Committee, during the oral evidence, the Secretary, DAC, informed:

“Quality extension service to the farmer is another key area. The challenge before extension agencies is to bridge the knowledge gap. Small, marginal and resource-poor farmers have to be motivated to improve viability of their holding with application of available technology and practices. Organization of small farmers into Self-Help Groups, Cooperatives, etc. would be necessary. At the district level – for evolving a need based extension mechanism taking into account available resources and market opportunities – the Department is focusing on efforts at developing close links between key institutions like KVK, ATMA, farmers’ organizations, NGOs and the private sector working in agriculture or related areas. At the same time, the Department has initiated steps to strengthen the ATMA, Block Level/Panchayat-level machinery and others.”

Agri-Clinics and Agri-Business Centes

12.8 It is a Central Sector Scheme launched in 2002 which aims to promote delivery of extension and other services in self-employment mode. Graduates in agriculture and allied sectors are eligible under the scheme. Full cost of training on agri-business development is supported. National Bank for Agriculture & Rural Development (NABARD) monitors the credit support to Agri-Clinics through commercial banks.

During the current year, up to 31st January 2008, out of the targeted 1500 candidates to be trained, 1748 candidates have been trained, out of which 835 candidates; have set up agri-ventures. Since inception, the National Institute of Agricultural Extension Management (MANAGE), Hyderabad has trained 13196 candidates out of which 4152 have established their own ventures. An amount of Rs. 250.00 lakhs has been released for the implementation of the scheme.

Provision of credit-linked back-ended subsidy @ 25% of the capital cost of the project funded through bank loan as well as full interest subsidy for the first two years on the bank credit has helped in attracting better number of agri-entrepreneurs under the scheme. The subsidy is given @ 33.33% in respect of candidates belonging to Scheduled Castes, Scheduled Tribes, women and other disadvantaged sections and those from North-Eastern and Hilly states.

Chapter XIII

TECHNOLOGY MISSION ON OILSEEDS, MAIZE AND PULSES

13.1 Government of India is implementing a Centrally sponsored “Integrated Scheme for Oilseeds, Pulses, Oil Palm and Maize” (ISOPOM) from 1st April, 2004 in 14 major states for oilseeds and pulses. Financial assistance is being provided for various critical inputs like production and distribution of seed, distribution of seed minikits, sprinkler sets, rhizobium culture and Phosphate Solubilising Bacteria (PSB), supply of plant protection chemicals/weedicides/bio-pesticides and plant protection equipment, distribution of bio-fertilizers and gypsum etc. Provision for crash programme for quality seed production of oilseeds has also been made in the scheme. The scheme provides subsidy on production and distribution of foundation/certified seeds to the seed producing public sector agencies and to all the implementing states to supply quality seed at reasonable price to the farmers.

13.2 The main features of the ISOPOM are as under:

- All the existing components of Oil Seeds Production Programme (OPP), National Pulses Development Programme (NPDP), Accelerated Maize Development Programme (AMDP) & Oil Palm Development Programme (OPDP) continued during the 10th Plan;
- The components relating to inclusion of Pipes in the existing sprinkler distribution component, innovative measures and additional components (10% funds for this purpose), foreign visits have been included as new components;

- Scheme is in implementation in **major 14 States** viz; A.P. Bihar, Chhatisgarh, Gujarat, Haryana, Karnataka, M.P., Maharashtra, Orissa, Punjab, Rajasthan, T.N., U.P. & West Bengal for Oilseeds & Pulses. However, for maize the State of **J&K and Himachal Pradesh** would also be included while Haryana will be excluded;
- Flexibility to the States to utilize the funds for the scheme/crop of their choice;
- Annual action plan to be formulated by the State Governments for consideration and approval of the Government of India;
- Flexibility to the States for introducing innovative measures or any special component to the extent of 10% of financial allocation;
- Involvement of private sector by the State Governments in the implementation of the programme with a financial cap of 15%;
- Flexibility for inter component diversion of funds upto 20% for non seed components only;
- Diversion of funds from seed components to non seed components with the prior approval of the Department of Agriculture & Cooperation;
- Increase under staff and contingency not permitted except by revision of pay scale and increase in rate of dearness allowance with the prior approval of the Department of Agriculture & Cooperation.

Area coverage, production and yield of Oilseeds, 2004-05 to 2007-08

Year	Kharif			Rabi			Total		
	Area	Prodn.	Yield	Area	Prodn.	Yield	Area	Prodn.	Yield
2004-05	17.25	14.15	820	10.28	10.20	993	27.52	24.35	885
2005-06	17.53	16.84	961	10.21	10.89	1067	27.74	27.73	1000
2006-07	16.77	14.01	835	9.74	10.27	1054	26.51	24.28	915
2007-08**		17.57			9.58			27.16	

** Second Advance Estimates as on 13.2.08.

Area in Million ha, Production in Million Tonnes, Yield in kg/ha

Area coverage, production and yield of Pulses, 2004-05 to 2007-08

Year	Kharif			Rabi			Total		
	Area	Prodn.	Yield	Area	Prodn.	Yield	Area	Prodn.	Yield
2004-05	11.32	4.71	417	11.44	8.41	735	22.76	13.13	577
2005-06	10.63	4.66	439	11.80	8.45	716	22.43	13.11	585
2006-07	10.67	4.79	448	12.51	9.40	751	23.19	14.19	611
2007-08**		5.77			8.57			14.34	

** Second Advance Estimates as on 13.2.08.

Area in Million ha, Production in Million tonnes, Yield in kg/ha.

Target and achievement of the Oil Palm Development Programme, 2005-06 to 2007-08
(Area in ha)

Year	Target	Achievement
2005-06	11,000	12,661
2006-07	12,000	18,176
2007-08	29,300	7,929 *

Note: * Up to October 2007.

Achievements in production and productivity of maize, 2006-07 and 2007-08

Year	Area in lakh hectare	Production in lakh tonnes		Productivity kg/ha
		Target	Achievement	
2006-07	78.94	146.50	150.97	1912
2007-08 **		153.00	167.80 **	

Note: * Second Advance Estimates as on 13.2.08.

13.3 Despite a more than two fold jump in the production levels of oilseeds since the inception of the Technology Mission on Oilseeds in 1986, the domestic production of oilseeds is far short of the demand of edible oils in the country and about 40-45% of the domestic requirement of edible oils is being met through imports.

13.4 The Committee, constituted under the Chairmanship of Dr. K.L. Chadha, to re-assess the scope of oilpalm cultivation in the country, in its report, submitted to DAC, has identified 10.36 lakh ha. as a potential area for oilpalm plantation and has recommended that 2.24 lakh ha. be brought under oilpalm cultivation in the 11th Five Year Plan with a total investment of Rs.1175.00 crores comprising a central share of Rs.912.00 crores.

13.5 Keeping in view the fact that there is a constraint in area expansion under oilseeds, the thrust during the 11th Plan will be given towards yield improvement in oilseeds besides promoting the cultivation of oilpalm, a crop with a potential of producing 3-3.5 MT of palm oil per ha. for augmenting the indigenous availability of edible oils in the country.

13.6 As regards pulses production in the country, it may be mentioned that poor performance of pulses on production and productivity front can be attributed mainly to the fact that they are grown in marginal/sub-marginal lands under rainfed conditions with low input usages. To address the problem of stagnant pulses production in the country in a holistic manner, a National Food Security Mission(NFSM)-Pulses is being implemented in 168 districts in 14 states of the country from the current year. NFSM-Pulses envisages to increase the production of pulses by 2 million tonnes by the end of 11th Plan(2011-12).

13.7 Amity Humanity Foundation has been commissioned to undertake the Impact Evaluation Study of ISOPOM. The Draft Report of the study has been received and is under examination in the Division.

13.8 Further, it may be mentioned that based on the experience gained in the implementation of ISOPOM, the scheme has been modified with regard to norms and pattern of assistance, inclusion of new components and additional implementing agencies in respect of oilseeds, pulses and maize development programmes for 11th Five Year Plan

as a part of National Food Security Mission(NFSM) so as to make it more effective and result-oriented. The details of approved changes and new approved components of ISOPOM in respect of oilseeds, pulses & maize development programmes for 11th Five Year Plan are given at Annexure-A. However, based on the recommendations of Chadha Committee on oilpalm, oilpalm development programme of ISOPOM is proposed to be modified with regard to norms and pattern of assistance as also inclusion of new components for XI Five Year Plan.

13.9 New approved components under ISOPOM for XI Plan

Sl. No.	Component	Approved pattern of assistance
1	Supply of Improved farm implements	Assistance @50% of the cost or Rs 2500 per implement for manual/bullock drawn and @ 50% cost or Rs 1500 per power driven implement, whichever is less.
2	Supply of micronutrients in the deficient areas	Assistance @ 50% of the cost or Rs 500 per ha whichever is less.

13.10 Following are the budgetary allocation for the Division:

	2005-06	2006-07	2007-08	2008-09
BE	257.00	278.00	308.00	328.00
RE	276.00	312.85	328.75	
Actual Expenditure	289.31	308.63	285.75	

It is seen that under the TMOP Division, there has been consistently impressive utilization of funds allocated from 2005-06 onwards. However, it has been noted that 40-45% of the domestic demand of edible oils is being met through imports.

13.11 Explaining the inability to increase production of oilseeds so as to meet the domestic demand for edible oils, the Department furnished the following written reply:-

Oilseeds are mainly grown on marginal and sub-marginal lands under rainfed conditions with low input usages. Less than 25% of the area under oilseeds are irrigated,

exposing most oilseeds production to weather related yield risks. Consequently, oilseeds production in India is characterized by fluctuating production and low yield.

Some of the major factors/reasons impeding the productivity and production of oilseeds in the country are :-

1. Non availability of hybrids in Mustard, Groundnut, Sesamum, Soybean, Niger and Pest and disease resistance varieties.
2. Low monetary returns from cultivation of oilseeds due to low production potential in comparison to crops like rice, wheat and sugarcane;
3. High risk in oilseeds cultivation due to vagaries of nature and susceptibility to a number of insect- pests and diseases;
4. Use of poor quality seeds by the farmers;
5. Un-assured market at remunerative prices resulting in distress sale of oilseeds during the harvesting period.

13.12 However, during oral evidence, the members of the Committee pointed out that the non-availability of hybrids in mustard, groundnut, sesamum, soyabean, niger, given as reason for lower production of oilseeds, is not accurate. The following was also brought to the notice of the Department by eminent agriculturist and member of the Committee, Prof. M.S. Swaminathan :-

‘We must look at this kind of an explanation, which has no meaning at all. Oilseed production is not going up. We are the only country in the world which has all the oilseeds. Formerly, we did not have soyabean and sunflower. Now, we have that also. We have traditional oilseeds. We have true oilseeds. Then, we have also by-products like rice bran oil and maize kernel oil and so on. Then, we have mahuwa and karanj, the non-edible oils. There are so many sources of oils in this country. Our

soyabean has been in great demand world over because this is the only one which is not genetically modified because most of other soyabeans in the world are GM soyabeans. So, there is a growing demand for it.

In areas like Vidharbha, where there is uncertain cotton crop, it is far better to change it to soyabean or some other crop, which is also nitrogen-fixing. So, I would request much greater attention to pulses and oilseeds.

Even in the latest ICRISAT data, I find that the gap between what we can achieve and what is being achieved is about 200 to 300 per cent. It is not a small amount. Therefore, what is now important is to make a real serious effort in these areas of extension. The Integrated Scheme on Oilseeds and Pulses requires a very detailed looking at it.

Chapter XIV

RAINFED FARMING SYSTEM

14.1 The Government have informed that Consequent to approval dated 10th August, 2006 by the Cabinet, the National Rainfed Area Authority was constituted by the Union Government on 3rd November, 2006 to give focused attention to the problem of the rainfed areas of the country. The Authority is an advisory, policy making and monitoring body charged with the role of examining guidelines in various existing schemes in this area. NRAA although not required to be an implementing and fund disbursing agency needs to be able to effectively converge the various schemes in different Ministries relating to Watershed Development. The Authority is located in New Delhi. It has a two tier structure : (a) the Governing Board to provide necessary leadership and appropriate coordination in implementation of programmes. This will be chaired by the Union Minister of Agriculture and co-chaired by the Union Rural Development Minister. The second tier is the Executive Committee consisting of five technical experts and representatives from stakeholder Ministries. The Executive Committee is headed by a full time CEO and has five other full time technical experts.

14.2 Foodgrain production in the country accrues from about 142 million hectares of cultivated land. Of this, 57 million hectare or 40% is irrigated and accounts for 55% of the production. The remaining 85 million hectares or 60% are rainfed and contribute 45%of the total output. Rainfed agriculture is complex, diverse and risk-prone, and is characterized by low levels of productivity and low input usage. Vagaries of the monsoon result in wide variation and instability in yields. Rainfed areas, therefore, need to contribute substantially to incremental output by producing marketable surpluses more reliably.

14.3 The Plan expenditure figures relating to Rainfed Farming Systems from 2005-06 onwards :-

	2005-06	2006-07	2007-08	2008-09
BE	1.25	1.35	102.90	352.00
RE	1.05	1.23	12.48	
Actual Expenditure (till 31.01.2008)	0.95	0.97	1.11	

The BE (Rs. 102.90 crore) for 2007-08 was drastically reduced to Rs.12.48 crore at the RE stage. The expenditure against this is at an appalling Rs.1.11 crore as on 31.01.2008.

14.4 The Department furnished the following explanation for the meagre utilisation of funds:-

The BE for 2007-08 was kept at Rs.102.90 crores. This included provision of Rs. 1.40 crores for the scheme of 'Watershed Development Council'(WDC), Rs.1.50 crores for the scheme of 'National Rainfed Area Authority'(NRAA) and Rs.100.00 crores for the new scheme 'Rainfed Area Development Programme'(RADP). The draft feasibility report in respect of RADP scheme was sent to the Planning Commission in the month of August, 2007 and the EFC note was circulated to the concerned Ministry/ Departments during October, 2007. As the in-principle approval of Planning Commission for the scheme could not be received, the provision was reduced to Rs.10.00 crores at RE stage with an expectation that the scheme could be initiated even during the last quarter of the financial year if in-principle approval is accorded by the Planning Commission. However, the in-principle approval of Planning Commission is still awaited for which further efforts regarding EFC and CCEA

approval for launching of the scheme could not be taken up. Thus, the Division had only scope for expenditure under WDC and NRAA schemes with Rs.1.40 and Rs.1.50 crores respectively which were further downsized at the stage of RE to Rs.1.38 and 1.10 crores respectively. The expenditure as on 31st January, 2008 under the scheme WDC was Rs.0.91 crores and that for NRAA scheme was Rs.0.39 crores (total for the Division - Rs.1.30 crores). Department claimed that most of the provisions will be utilized in the financial year.

The Planning Commission has communicated an outlay of Rs.2500 crores for the XI Plan period and allocation of Rs.348.00 crores for 2008-09 for the implementation of the new scheme, 'Rainfed Area Development Programme'. The scheme of Watershed Development Council (WDC) has been weeded out from 2008-09 as per Zero Based Budget Exercise of the Planning Commission. Hence, no budget is proposed for WDC in the year 2008-09. There is a budget provision of Rs.4.00 crores for the NRAA for 2008-09. Thus, the total budget provision becomes Rs.352 crores.

14.5 During the oral evidence it was pointed out that the provision of Rs.3500 crore for the Rainfed Area Development Programme and Rs.4 crore for NRAA were inadequate, the Department clarified as under:

"There was an issue raised about the National Rainfed Area Authority, rainfed farming and so on. A point was raised that there was a provision of NRA of only Rs.4 crore whereas for the rainfed area development programme, it was Rs.3m500 crore for five years. All that I would like to say is that the National Rainfed Area Authority is supposed to ensure convergence, to issue common guidelines, to give technical advice. There are a large number of programmes, which are

addressing these issues of rainfed area, which is 60 per cent of our cultivated area. So, it is not merely for this as Rs.3,500 crore. There are many other programmes including watershed programme, rural development related programmes, horticulture mission, and certain plantation schemes, under the rainfed area programme. So, is for the NRAA. It is to have some integration and convergence. Right now, there are departments with different schemes and different agencies. All of them are addressing the problems. But how to bring about coordination, integration and convergence etc., is the whole purpose of the NRAA. So, the provision made for the NRAA does not indicate that it is the only amount available for rainfed areas. This rainfed area development programme is one of the umbrella programmes. There can be many other programmes, which they would coordinate. In fact, for the first time, recently, the common guidelines, which will be common to rural development, agriculture, forest and other Ministries, who are implementing these watershed related programmes, have already been fixed. So, a beginning has been made.

14.6 Asked whether the merger of the Scheme 'Enhancing Sustainability of Dryland Farming System' with RADP is a case of financial expediency overriding physical benefits, the Department furnished the following in their supplementary reply:-

"The EFC Note for the Scheme of 'Enhancing Sustainability of Dry Land Farming Systems (ESDFS)' was processed by the Department of Agriculture & Cooperation for implementation during the XI Five Year Plan. While responding to the EFC Memo of the Scheme of ESDFS, the Planning Commission observed that in the event of subsequent developments like launching of National Food Security Mission and provision of ACA to the States of Rs.30000 crores in the XI

Plan, there is no justification for initiating another scheme specially in view of the fact that 25% of the allocation under ACA would be allocated to the States on the basis of net sown un-irrigated area in the States for enhancing productivity of agriculture in the un-irrigated areas. Further, in the event of establishment of National Rainfed Area Authority (NRAA) to provide knowledge inputs for the development of dryland and rainfed farming systems, the strategy need to be worked out in consultation with NRAA. During the Zero Based Budgeting exercise for the XI Five Year Plan in the Planning Commission, a decision was made to merge the schemes of ESDFS and RADP. Accordingly, it was decided by DAC not to pursue the scheme of ESDFS and to process the scheme of RADP, incorporating the useful components of ESDFS in the scheme of RADP in consultation with the NRAA. The in-principle approval of the schme of RADP has been obtained from the Planning Commission and a budgetary provision of Rs.3500 crores have been made during XI Plan. For the year 2008-09 a budgetary provision of Rs.348 crore has been made for implementation of the Scheme. The components of ESDFS like rainwater harvesting, in situ moisture conservation, farm implements and machinery, alternate land use/composite farming and support for critical inputs have been taken care in the new scheme of RADP under the development components like natural resource management activities, production system, intensification of rainfed farming system, crop diversification, rainwater harvesting and ground water recharge, farm mechanization etc. In addition to the activities for agricultural development in the rainfed areas the RADP Scheme has been formulated with an objective of overall development of rainfed areas like income generating activities for

encouraging micro enterprises for vulnerable groups for their livelihood support, improvement in water use efficiency, conjunctive use of surface and subsurface water and special focus on research and development has been emphasized in the scheme of RADP in addition to the component of ESDFS to make it more holistic and integrated in nature. The Scheme of RADP will be implemented on project mode based on a detailed action plan suitable to agro climatic and location specific conditions which will take care of the specific requirement of dry land areas and in this manner it will be much more effective. The rainfed areas basically cover areas that are not supported with assured means of irrigation. Most of the dry land areas of the country are rainfed areas. However, the rainfed areas vary, based on the availability of rainfall and the dry lands are rainfed areas with lower annual rainfall. In view of the explanation given, it may not be considered to be a case of financial expediency overriding physical output of developmental schemes”.

14.7 Regarding the Committee’s recommendation in their 27th Report (14th Lok Sabha) that at the second tier of the NRAA representatives of State Governments should be included, the Department submitted as under:-

In the 33rd Report of the Standing Committee on Agriculture it was desired for inclusion of representatives of various State Governments in the Executive Committee of the NRAA. In the revised Action Taken Report, it was informed that in view of the observations made by the Hon’ble Standing Committee on Agriculture, the matter has been sent to the National Rainfed Area Authority for placing the same before its Governing Board in its meeting which was scheduled for 11.02.2008 under the Chairmanship of Union Agriculture Minister. The

matter was deliberated upon in the meeting of the Governing Board held on 11.02.2008 and it was decided by the Governing Board that from each of the five zones of the country, viz., North, South, East, West and North-East, one State will be included as member of the Executive Committee on a two years' rotation basis. This decision is now being implemented.

PART II

RECOMMENDATIONS/OBSERVATIONS

Recommendation No. 1

Budgetary Allocation

The Committee note that for the X Plan the Department proposed an outlay of Rs. 25,002 crore but got an allocation BE of Rs. 13,200 crore only. However, the actual expenditure incurred was higher at Rs. 15,958.42 crore. For the XI Plan, the DAC proposed an outlay of Rs. 51,052.12 crore while the tentative allocation for the Plan has been indicated at Rs. 41,903 crore. The allocation of Rs. 25,000 crore for the Rashtriya Krishi Vikas Yojana, which is a State Plan Scheme, is not included in this. The Plan outlay for 2008-09 for the Department is Rs.6,900 crore against a proposal made for Rs.8973.49 crore.

It is observed that the Central Plan outlay of Rs.6,900 crore for the Department has registered an increase of 25% over BE(2007-08) of Rs.5520 crore. The total plan outlay Rs.10105.67 crore (Plan Schemes 6900 + State Plan Scheme 3205.67) for DAC, though below the projected requirement, saw an increase of more than 80% as compared to BE (2007-08). Compared to RE (2007-08) of Rs.6927.94 crore in plan allocation for DAC (inclusive of State Plan Schemes) the increase is about 45%. It is noted that there has been significant increase in the outlay for crops (pulses and oilseeds), credit, seeds, rainfed farming system and extension. However, there has been slight decrease in the outlay in some schemes like macro-management, horticulture and agriculture marketing.

The Department has informed that a substantial increase in allocation for DAC compared to BE (2007-08) is considered adequate and, if need arises, additional funds may be sought at the RE stage.

During the examination Demands for Grants (2007-08), the Department had lamented that Rs.5560 crore (including Rs.40 crore for North-Eastern States) was not sufficient to meet the requirement of the agricultural sector. The Committee note the volte face by the Department on the adequacy of fund allocation.

It is after a long time that the Department has expressed satisfaction in fund allocation by the Planning Commission. The Committee recommend that DAC should make 100% utilisation of the adequate fund allocated for 2008-09 and convert the spurt in allocation to agricultural production/growth. With this financial leeway it is a true occasion to the Department to prove their mettle and worthiness.

The Committee is of the considered view that near body-tight nature of schemes operated by the Ministry of Agriculture, is causing lack of coordination and is also impinging upon their performances. It is recommended that the Ministry should make the schemes inter-operable to produce synergic efforts of agricultural development.

A major hurdle, observed by the Committee, in complete utilisation of funds under various schemes is the non-production of Utilisation Certificates by the Implementing Agencies. The Department often takes this plea as reason for under-utilisation. It is noted that after an initial release, the further release of funds depend on the production of Utilisation Certificates that vouch for the authenticity of implementation.

Besides, the Committee is not convinced of the control of the Ministry of Agriculture over utilisation of funds released to the North-Eastern States. They are also apprehensive that the funds allocated for agriculture in the region are not spent entirely for the development of agriculture in North Eastern region and the veracity of Utilisation Certificates is not assessed, considering the social and security peculiarities of the region. The Committee should be apprised of the status of the last 2 years non-lapsable fund accumulation and its utilisation.

The methods of delivering the results have to be devised and for that the Committee recommend that in addition to the present system of Utilisation Certificate on the spot monitoring of the scheme's implementation by the senior officers/expert of the subject/scheme be taken care of to ensure proper and prudent utilisation of public money allocated for development of the all important agricultural sector.

The Committee also recommend that there is dire need of co-ordination between Rashtriya Krishi Vikas Yojana, National Food Security Mission and National Rainfed Area Authority, more so, keeping in view the critical food situation in the country and the world over.

Recommendation No. 2

Creation of Non-Lapsable Central Pool of Resources for Agriculture

The Committee note that as per the Direction of Ministry of Finance/Planning Commission, 10% of funds allocated to the Department are allocated to the North-Eastern States. The un-utilised portion of allocated funds to these States is credited to the Non-lapsable Central Pool of Resources for North-Eastern States for their development.

The performance of agriculture sector keeps the Indian economy buoyant and ensures that fire keeps burning in the kitchen of millions of rural farm households. The Committee note that Government has decided to give special attention to the development of agriculture during the XI Plan and has launched certain ambitious schemes like National Food Security Mission and Rashtriya Krishi Vikas Yojana in this direction. However, the Committee feel that such endeavours have been undertaken in the past also and have failed to bring the desired level of development in agriculture. This time more decisive action is required.

The circumstances under which agriculture is carried out in India; the challenging agro-climatic and topographical conditions warrant focused attention. The funds allocated to the arid, temperate, hilly, high altitude and non-accessible areas, do not reach on time and remain unutilised, as 31st March is the dead end for any fund to be utilized in a particular financial year. The Committee recommend that a Non-lapsable Central Pool of Resources for Agriculture should be formed from this financial year itself without any further delay in line with similar funds for North-Eastern States. Also, an appropriate percentage of funds out of total

budgetary allocation for the Government of India has to be fixed for agriculture sector on which around 70% of the population depend for their feed, fodder and employment and also produces/feeds the remaining of 30% population of our country. This will help ensure steady and constant flow of funds to agriculture and prevent diversion/re-appropriation of funds demarcated for the sector. The operationalisation of the National Policy for Farmers, 2007 will also be more meaningful if this path-breaking step is taken and it will lead us to a Ever Green Revolution which will save the nation from unwarranted import of staple food items comprising mainly wheat, edible oils and pulses.

Recommendation No. 3

(i) National Rainfed Area Authority (NRAA)

It is noted that the NRAA established on 3rd November, 2006 gives focused attention to the problems of rainfed area of the country. The Authority is an advisory, policy making and monitoring body charged with the role of examining guidelines in various existing schemes in this area. NRAA although not required to be an implementing and fund disbursing agency, needs to be able to effectively converge the various schemes in different Ministries relating to Watershed Development. The Union Minister of Agriculture and Rural Development will co-chair the Authority.

The potential of development of rainfed areas in the country is immense as rainfed area account for 60% of the total cultivated area but contribute only 45% of agricultural production. Hence, the role of NRAA is going to be pivotal. The Committee recommend that the mandate of NRAA should be widened and its operation has to be holistic, touching upon all aspects of rainfed area agriculture. Being an umbrella organization, NRAA should lay down policies/guidelines relating to rainfed area agriculture.

Special emphasis should be given on cardinal issues like credit, seeds, farm implements, agricultural techniques and modern development, information on all schemes in operation for rainfed areas, the benefits being offered, and link with grassroot level by constant interaction with farmers together with information that lead to better policy implementation.

(ii) Rainfed Area Development Programme

The Committee note that foodgrain production in the country accrues from about 142 million hectares of cultivated land. Of this, 40% is irrigated and contribute 55% of production. The remaining 85 million hectares are rainfed and account for 45% of the total production. During 2007-08, Government, waking up at last, proposed to introduce 'Rainfed Area Development Programme'(RADP) to address the specific needs of rainfed areas. Rs.100 crore was allocated for the scheme during 2007-08, but, the scheme was not launched for want of 'in principle' approval from the Planning Commission. However, the Planning Commission has set an outlay of Rs.2500 crore for the XI Plan period. Budget allocation of Rs.348.00 crore has been made for 2008-09.

The objectives of the Scheme inter-alia include development of about 22 lakh hectares of rainfed area in five years. Considering that the total rainfed area under cultivated in India is 85 million hectares the target fixed for RADP seem to be minuscule (only 2.6%) of the magnitude of area needs to be developed and proves Government's non-seriousness towards rainfed area agriculture. At this rate more than 100 years will be required to cover the whole of 85 million hectares under RADP.

It is because of neglect of rainfed areas of States like Jharkhand & Chattisgarh, that only a single crop is grown there in spite of 1400mm of rainfall, and lakhs of people remain without work and means of livelihood. This is being considered to be the major cause of resentment and may be one of the factors for the spread of naxalite movement.

A dossier of development of rainfed area has to be brought out that shall act as one point reference for all implementing agencies and farmers. Also crop-wise and region-wise developmental strategies should be formulated. This needs to be considered in the back drop of near saturation of productivity from irrigated areas under cultivation. Besides, the Committee express their displeasure with the Planning Commission for delayed approval to such a scheme that can deliver revolutionary changes in filling the food basket of our country and provide employment to crores of rural inhabitants, if implemented effectively. The money being spent on importing wheat, oil, etc., on exorbitant rates can be saved if sufficient funds are allocated for developing rainfed areas for regular agriculture.

The Committee recommend that the implementation of the RADP be carried out with top priority and the scope be urgently expanded to cover as much rainfed area in the country in a time bound manner. The Committee may be informed of the time frame by which the whole of the 85 million hectares of rainfed areas will be covered under the Programme.

Recommendation No. 4

Debt Waiver Scheme

The waiver of agricultural debt from institutional sources of credit amounting to an estimated Rs.60,000 crore announced by the Finance Minister in his budget speech 2008-09 has created a lot of interest in the agricultural fraternity. However, the Committee feels that a lot of issues are not clear about the scheme as of now about the modalities of implementation, the qualifying parameters, the loan periods eligible for the waiver, non-consideration of region-wise and crop-wise disparities, possible slant of benefits towards financially better placed farmers, negative message to prompt repayers of loans, half-way paid loans, overlapping with revival package announced for cooperatives, etc.

The Committee have been informed that the Government has considered financial constraints and the degree of hardship faced by farmers while drawing up the scheme.

Keeping the above in view, the Committee have observed that:

- (i) The Debt waiver scheme should invariably be accompanied by appropriate efforts that enable the farmers consolidate the gains from debt relief and are given subsidized and good quality seed and fertilizer to produce enough marketable surplus to sustain themselves from the next season onwards.

For holistic development of Agriculture, Animal Husbandry, dairying and fisheries and related research work, the Department of Agriculture should initiate efforts to bring the expertise of all the three Departments of the Ministry of Agriculture under one umbrella for this purpose. Merely, making

the farmer eligible for fresh credit will just make him wait for the next waiver scheme, particularly if the waiver is accompanied by fresh restrictions on agricultural trade.

- (ii) If indebtedness of farmers to moneylenders cannot be covered by the scheme, the Banks may give loans @4% p.a. to the farmers to redeem their debts to moneylenders and the Government may give interest submission to compensate the Banks.**
- (iii) Prompt repayers of loans during the period covered by the debt waiver scheme should be allowed full interest subvention in immediate future agricultural loans for the next three years so as not to send wrong signals to debtors prompting them to default in payment and disincentivise prompt repayers.**
- (iv) The limit of 2 hectares of land for full waiver of the loans of small and marginal farmers should be revised keeping in view the difference in productivity of irrigated and non-irrigated land.**
- (v) Since the Debt waiver Scheme is directly related to the agriculture sector, as soon as the modalities for its implementation are finalised the Committee may be apprised of the same.**

Recommendation No.5

Women in Agriculture

The Committee note that women play a very active role in the agriculture sector. She works with the men folk in the fields, rears livestock, backyard poultry and bring feed and fodder for their cattle etc. In addition, they also run the household activities. However, their status as agriculturist is not recognised and she is denied of the credit facilities for her needs. The Committee strongly recommend that the farm women should be treated as skilled labour and alongwith the men of the household, they should also be extended Kisan Credit Card facility and loans through other institutional credit agencies. They should be given the right to own agricultural land which may help in meeting the national goals of improving food and livelihood security, women's empowerment and children's welfare and agricultural productivity. Women Self Help Groups may be encouraged to take part in agriculture and allied activities in a bigger way.

The Committee also recommend that as presently Village Panchayats have one-third representation of women, a Gram Panchayat Mahila Fund should be created for providing agriculture technological skills, information about credit facilities and empowering the women farmers by meeting their common needs. Literacy and training programmes for women should also be run so they have direct access to agriculture policies and programmes for their upliftment.

Recommendation No.6

Coconut Development Board

The Committee have been informed that the Coconut Development Board which came into existence in 1981 is implementing the schemes 'Integrated Development of Coconut Industry in India including Technology Mission on Coconut. The Coconut Development Board participates in domestic and international fairs/exhibition for promotion and market expansion of coconut products.

The Committee have noted that the Board has identified the potential for export of coconut based products like desiccated coconut powder, virgin coconut oil, tender coconut water, coconut shell, charcoal, activated carbon, spray dried milk powder, etc. However, the Committee feel that the potential of domestic consumption has not been fully tapped and that marketing of coconut based products in the domestic market is inadequate. The Committee are of the opinion that without developing a market strategy for coconut based products, the coconut industry cannot make progress. They, therefore, recommend that the Coconut Development Board should make all out efforts to tap national as well as international markets to sell coconut based products, especially, in the States that do not produce coconut. Awareness campaign should also be run in mass media to highlight the benefits of these products.

Recommendation No. 7

Micro-Irrigation

The Committee have been informed that Micro-irrigation helps in better water use efficiency (60-70%), increase in yield (30-100%), better quality of produce, saving in fertilizer usage (40%) and weeding cost along with easy intercultural operation in all types of soil including saline soil. The technique can be highly effective in agricultural tracts in challenging agro-climatic conditions like hilly, dryland and arid regions.

However, all these benefits will be of no use if the farmers are forced to pay 50% of the total cost of drip and sprinkler systems as envisaged in the scheme. The Committee sees this as one of the reasons why the physical performance of the scheme leaves much to be desired.

It is recommended that the farmers should not be made to pay more than 25% of the cost of the drip and sprinkler systems, and if need be, a method may be devised wherein another portion of the cost is recovered depending on the marketable surplus she/he produces by benefiting from the scheme. Fertigation, which is an optional component of the scheme may be promoted in a bigger way by creating greater awareness of the benefits of the method. It is expected this can give major impetus to agriculture sector especially horticulture in hilly, dryland and arid regions of the country.

The Committee have come to know that an overpriced and substandard minor irrigation equipment are being sold to the farmers which needs to be investigated and accountability may be fixed on the authorities which approved this over-priced and sub-standard minor irrigation equipments.

Recommendation No. 8

Technology Mission on Cotton

The Committee note that the Mini Mission –II of Technology Mission on Cotton was restructured in 2005-06 and is under implementation in 13 States. Under the revised scheme, the subsidy on the component like distribution of certified seeds and sprayers has been increased besides the rationalization of subsidy on other components.

One of the reasons observed as the cause of poor performance of the scheme is the reduced demand for seeds of conventional varieties/hybrids due to more area covered under Bt. Cotton. The seeds of Bt. Cotton are not certified and hence not eligible for assistance under the scheme. Also, the assistance under the scheme could not help people absorb the high cost of drip irrigation systems. Even more surprising reason for under utilization of funds quoted by the Department is that the States could not send enough proposals to match the doubling of allocation for the year 2007-08.

Committee find these reasons ridiculous, considering the fact that the scheme was restructured during 2005-06 to make it more effective. It is strongly recommended, that the scheme should urgently be made more farmer friendly by making proper arrangements to cover the widely preferred Bt. Cotton seeds duly certified through field trials, under the scheme and to make necessary amendments to bring the cost of drip irrigation systems within reach of all farmers. The scheme shall also lay more emphasis on cotton growing regions of the country identified as distress hotspots.

In order to measure the risks and benefits from Bio-technology in a transparent, progressive, professional and credible manner, an autonomous National Bio-technology Regulatory Authority should be set up as soon as possible on the lines of the recommendation made in the Swaminathan Committee Report.

Recommendation No. 9

Differential MSP

The Committee note that in the case of jute, a single MSP is recommended by the Commission and approved by the Government. Based on this basic MSP, different MSPs for jute are announced subsequently, keeping in view the quality considerations and consequent input price differentials, which vary from place to place. These MSPs are in fact derived prices from the basic MSP fixed by the Government, mainly to ensure that the farmers are paid better prices for their better varieties. It is recommended that this system of calculating MSP should be adopted for all the other crops for which Government announces MSP to give better price for better varieties and to compensate regional imbalances in cost-inputs and risk factors of different crops.

Recommendation No. 10

Contract Farming

The Committee have been told that the benefits of Contract Farming include better quality of inputs, extensive services and assurance of selling the produce at a pre-determined price. However, it is felt there are multitude of latent problems that are emerging one by one. The absence of any rules/guidelines governing the operation of contract farming has vitiated the whole scenario and will not enable sustainable contract farming. Whole lot of issues relating to contract farming remain to be legally streamlined, and foremost consideration should be accorded to the interests of the farmers. Though the Department maintains that land ownership will not be taken over by the contracting company, the Committee feel that company can become the defacto owner, through terms and conditions of contract which may be heavily tilted towards the company due to the help and support of expert legal opinion, lack of awareness of the farmer, type of seeds provided and credit extended under the contract, etc.

Such uncontrolled continuation of contract farming can even result in 'bonded farming'. Besides, the interests of the company may not be in sync with the agricultural priorities of the country which may be sidelined. Expansion of contract farming can also lead to imbalance in land and water use; agricultural production under contract may not cater to regional requirements and such products which are not used by locals may be preferred, causing rise in price of locally used commodities that may have to be imported or brought from far off places.

The Committee are of the firm view that contract farming may lead to taking over/mortgage/buying of farmers land by the contracting company without lawful

consent through threat, coercion, undue influence, fraudulent behaviour, or misrepresentation of facts etc. The national priorities in agriculture and the interest of the farmers have to be protected at any cost. Farmers land should not at any cost be attached, sold, mortgaged, pledged or taken over by the contracting firm, even with the consent of the head of the family, as the agricultural land is an inherited property that can't be sold without the consent of all the legal heirs of the land owner i.e -the 'Karta' of the family. The family and village social fabric will be in jeopardy as contract farming may lead to the loss of freedom of the farmer to produce food crops of his choice for his family needs and feed and fodder for his cattle, poultry, etc. which also provide him extra income by selling milk, butter, chicks, etc.

The procurement policy of the Government will also be failed as the farmers will not grow food crops for the nation but for the contracting party. The Public Distribution System (PDS) of food items/cereals will be in danger as the Government will not be able to procure enough wheat, rice, sugar, etc. and may have to import all these items leading to heavy financial burden on our exchequer in the form of more subsidy for PDS. The Committee are of the considered opinion that contract farming will benefit the contracting company/firm whose main aim is quite often profit-making. The food security of the nation and the farmers' family interest will take a back seat as he will work like a machine to earn his livelihood and thousand years old cultural and social ethos wherein the whole village worked as a single and self-sufficient unit with all kinds of artisans, dependent on each other worked for upliftment of the whole village will be destroyed.

Recommendation No. 11

Development & Strengthening of Infrastructure Facility for Production & Distribution of Quality Seeds

The Committee observe that under the scheme 'Development and Strengthening of Infrastructure facility for Production and Distribution of Quality Seeds', the allocation for 2008-09 is Rs.150.00 crore against a proposal of Rs.556 crore by the Department. According to the Department, the proposed amount included Rs.445.86 crore to be released during 2008-09 under the Prime Minister's Relief Package for the suicide affected districts of Andhra Pradesh, Maharashtra, Karnataka and Kerala. The Department has informed that the allocation has to be augmented to meet the requirements.

The Committee are unable to understand why the PM's package, which has a pre-set amount to be released in a pre-determined period, cannot be given in the outlay for the year at the BE stage itself. Moreover, the Committee feel that such schemes, providing relief to people already battered by distress, have to be prioritized in providing allocation.

The Committee recommend that outlays for relief packages/schemes should be reflected separately under a different head and should not be clubbed with the outlay of any regular scheme and be released as per the time-frame fixed for their disbursal to the pre-determined needy people.

Recommendation No. 12

National Project on Organic Farming

The Committee note that the Scheme ‘National Project on Organic Farming’ was launched from October 2004 onwards on a Pilot Basis replacing the earlier scheme ‘National Project on Development and use of Bio-fertilizer’. The Scheme is already implemented throughout the country. Though a relatively new concept, the response to the scheme is learnt to be picking up. The Committee in their 27th Report had requested for greater attention to the scheme to eliminate problems involved in certification of organic farm products and their marketing. Even so, the funds allocated for the scheme for 2008-09 is only Rs.30 crore, which is the highest allocation for a year since its launch. The total funds allocated for XI plan is only Rs.150 crore and the area covered in the entire country under the scheme is also a paltry 3.12 lakh hectare.

It is felt that organic farming is a sustainable method of agriculture and in the present scenario it can be economically viable if efforts are taken to develop domestic market for the products along with the already thriving export market. The Committee recommend that the Scheme should be expanded to cover larger cultivated area and the potential of profitable returns to farmers be tapped by bringing down the cost of production that will ensure wider niche market for the products within the country. Programmes shall be formulated for generating awareness of the holistic benefits of consumption of organic farm products. Synergic approach by involving the Indian Council of Agricultural Research, Department of health, Panchayati Raj Institutions and NGOs/SHGs may be adopted for the purpose. Krishi Vigyan Kendras may be involved in making farmers aware

of the benefits of shifting to organic farming and be made knowledgeable of the ways to do it. One of the off shoots of this endeavour will be a healthier ecological system.

The Committee feel that the involvement of the use of animals; for manure, consumption of by products and the production of energy through bio-gas, is essential for a successful organic farming system. Coordinated efforts should be made in unison with the Department of Animal Husbandry, Dairying and Fisheries for integration of livestock development for successful implementation of the National project on organic farming.

Recommendation No. 13

Subsidy to Fertilizer Industry

The Committee have recommended in their earlier reports that subsidy for fertilizer should be directly provided to the farmers if the Government intends to obtain maximum benefit of the fertilizer subsidy scheme. Later on, the Government in its implementation budget document for 2007-08 stated that modalities for providing alternative method of delivering fertilizer subsidy directly to farmers was being worked out. The Department also informed that a study was commissioned by the fertilizer industry, which included the provision of subsidy directly to farmers. The report based on the study was presented to the Department of Fertilizer.

However, the Group of Ministers (GOM), constituted to look into sustainable use of fertilizers and pertinent subsidy and pricing issues, which considered the matter does not seem to have made any such recommendation.

The Committee note that the subsidy for fertilizers during the year 2004-05 was of Rs.15,779 crores. The estimation by the Department of Fertilizers for the year 2008-09 stands at Rs.60,649.36 crore; subsidy quadrupling in four years. Now, having known the extent of subsidy, it would be disturbing to know that it took more than fifty years for the foodgrains production to grow four-fold from 50.82 million tonnes in 1950-51 to 217.28 million tonnes (Fourth Advance Estimates) in 2006-07. Moreover, the targets set for foodgrain production are hardly ever met. The Government has admitted the fact that Total Cropped Area, Net Sown Area and Cropping Intensity have been stagnating or rather decreasing. Then Committee are unable to understand where the fertilizer so manufactured with a subsidy

support to the tune of Rs.60649.36 crore is used. It may be that fertilizers are exported and companies are subsidized for that also.

This scenario points at inherent maladies in the subsidy regime related to fertilizers, and it is evident that there is no correlation between the astronomical amount of subsidy and the output of the agricultural produce. In turn, it is not difficult to infer that the benefits of subsidy are being enjoyed by some one other than the farmer.

The Committee strongly recommend that the present method of providing subsidy for fertilizer has failed completely and require immediate revamp. Providing subsidy directly to the farmer is definitely one of the solutions. All efforts should also be made to eliminate the existing disparities in terms of subsidy between different types of fertilizers causing usage imbalance.

Recommendation No. 14

Integrated Scheme for Oilseeds, Pulses, Oil palm and Maize (ISOPOM)

The Committee note that 40-45% of the domestic demand of edible oils is being met through imports. It is a matter of concern that the country is at this juncture even though the 'Technology Mission on Oilseeds' has been in operation for almost two decades now. The reasons furnished by the Department for low production of oilseeds in India are, non availability of hybrid seeds, low monetary returns due to low production potential, high risk due to climatic vagaries and susceptibility to pests and diseases, use of poor quality seeds and unassured market at remunerative prices resulting in distress sale during harvest season.

The Committee does not concur with that the reason of non-availability of hybrid seeds as the information provided by the Department clearly shows that there is no mismatch between demand and availability of certified seeds.

This has also been corroborated by acclaimed agriculture Scientist Prof. M.S. Swaminathan. Moreover, if any of the reasons quoted by the Department holds good, it shows the failure, primarily of extension and other related aspects, on part of the Ministry of Agriculture and sends warning signal in case of oilseeds production.

India is a country blessed with all the major available oilseeds of the world including our traditional oilseeds. Still data indicate towards 200 to 300 per cent gap between the potential and achievement, which shows the dismal time and efforts put in by the Government in the oil seeds sector.

The Committee recommend that the Ministry should urgently get their act together, find the exact reasons for the failure and effect a complete evaluation and

revamp of schemes aimed at increasing the production of oilseeds. This poor state of affairs should not be allowed to continue.

Recommendation No.15

Some other issues related to DAC

The Committee deliberated on certain issues not directly related to examination of DFG and is of unanimous view that

- (i) the National Policy for Farmers should be operationalised at the earliest in its entirety;**
- (ii) there should be greater role for local self Government institutions in development of Agriculture;**
- (iii) all existing soil testing laboratories that are dormant should be revived along with the establishment of new ones;**
- (iv) overall strategy should be devised, to improve the productivity of small farms/farmers;**
- (vi) there is dire need to keep gender-wise data on all aspects relating to agriculture;**
- (vii) the gap between ‘know-how’ and ‘do-how’ is to be plugged**
- (viii) ATMA may be located in KVKs;**
- (ix) awards may be instituted to encourage outstanding farmers;**
- (ix) ecology should be conserved by the concept on conservation farming,**
- (x) help of Department of Information Technology may be requisitioned to set up and make Gyan Chaupals efficient/effective;**
- (xi) Agri-clinics and Agri-Business centers should be rejuvenated by engaging one graduate each from the fields of agriculture, veterinary science, commerce/marketing and home science;**

- (xii) greater attention should be accorded to the provision of simple and effective farm implements;**
- (xiii) food security should be ensured during all types of disasters;**
- (xiv) post-harvest infrastructure be strengthened more on priority basis;**
- (xv) the issue of climate change should be considered in the gravity it merits;**
- (xvi) all agricultural loans, long, medium and short, should be delivered at 4% per annum as recommended by the National Commission for Farmers;**
- (xvii) the cases of loan defaulters should be dealt by constituting Debt-Reconciliation Boards at district level;**
- (xviii) MSPs be made differential based on crop-wise and region-wise considerations;**
- (xix) forward markets be regulated more stringently to channel benefits to farmers;**
- (xx) all schemes under horticulture division be evaluated to assess their performance; and**
- (xxi) Modified National Agricultural Insurance Scheme (MNAIS) be implemented without further delay throughout the country.**

APPENDIX - I

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON SATURDAY, THE 29TH MARCH, 2008 AT 1100 HRS. IN COMMITTEE ROOM NO. 'D', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1100 hrs. to 1415 hrs.

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Ranen Barman
3. Shri Girdhari Lal Bhargava
4. Smt. Kalpana Ramesh Narhire
5. Shri Prabodh Panda
6. Shri Y.S.Vivekananda Reddy

RAJYA SABHA

7. Shri Harish Rawat
8. Smt. Mohsina Kidwai
9. Shri Vikram Verma
10. Shri Vinay Katiyar
11. Shri Sk. Khabir Uddin Ahmed
12. Shri Datta Meghe
13. Shri M.Rajasekara Murthy
14. Prof. M.S.Swaminathan

SECRETARIAT

- | | | | |
|----|-------------------|---|----------------------|
| 1. | Shri S.K.Sharma | - | Additional Secretary |
| 2. | Shri A.K.Singh | - | Joint Secretary |
| 3. | Smt. Veena Sharma | - | Director |
| 4. | Shri Raj Kumar | - | Deputy Secretary |
| 5. | Shri N.S.Hooda | - | Deputy Secretary |
| 6. | Ms. Amita Walia | - | Under Secretary |

WITNESSES

S.No.	Name	Designation
1.	Shri P.K. Mishra	Secretary (A&C)
2.	Dr. S.M. Jharwal	Principal Adviser
3.	Shri C.V. Ananda Bose	Additional Secretary
4.	Shri Karnail Singh	Additional Secretary
5.	Shri P.K. Basu	Additional Secretary
6.	Shri Prem Prakash Mathur	Additional Secretary & F.A.
7.	Shri S.L.Bhat	Additional Secretary
8.	Shri N.K. Das	Additional Secretary
9.	Dr. N.B. Singh	Agriculture Commissioner
10.	Dr. T. Haque	Chairman, CACP
11.	Shri R.C. Ray	ESA
12.	Shri G.C. Pati	Joint Secretary
13.	Shri Pankaj Kumar	Joint Secretary
14.	Shri Mukesh Khullar	Joint Secretary
15.	Dr. M.L. Chowdhary	Hort. Commissioner
16.	Shri Prem Narian	Joint Secretary
17.	Shri Satish Chander	Joint Secretary and M.D., NCDC (Additional Charge)
18.	Shri S.K. Pattanayak	Joint Secretary
19.	Shri U.K.S. Chauhan	Joint Secretary and M.D., NAFED (Additional Charge)
20.	Shri R. Viswanathan	Advisor
21.	Shri Amitabh Verma	Joint Secretary (Banking)
22.	Shri U.C. Sarangi	Chairman (NABARD)
23.	Dr. J.S. Samra	CEO, NRAA
24.	Shri B.B. Pattanayak	Chairman-cum-Managing Director, NSC
25.	Shri S.P. Mehta	CMD, SFCI

At the outset, the Chairman welcomed the members of the Committee and the representatives of the Department of Agriculture and Cooperation, Ministry of Agriculture to the sitting of the Committee and drew their attention to the provisions of Direction 55(1) of 'Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings. The Secretary of the Department was then requested to introduce his colleagues to the Committee.

After the introductions, the Secretary gave a brief account of the Demands for Grants (2008-2009) of the Department including the allocations made under different heads.

2. The Chairman and Members of the Committee sought certain clarifications and also put forward many suggestions for better performance of the Department through its schemes/programmes. The representatives of the Department of Agriculture and Cooperation replied to some of the queries raised by the Members and assured to send written information on rest of the issues.

3. The witness then withdrew.

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

The Committee then adjourned.

APPENDIX – II

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON FRIDAY, THE 11TH APRIL, 2008 AT 1100 HRS. IN COMMITTEE ROOM NO. 'C', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1100 hrs. to 1325 hrs.

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Ranen Barman
3. Shri Anil Basu
4. Shri Girdhari Lal Bhargava
5. Shri Khagen Das
6. Shri Deepender Singh Hooda
7. Shri Prabodh Panda
8. Shri Raosaheb Danve Patil
9. Smt. Rupatai D. Patil Nilangekar

RAJYA SABHA

10. Shri Harish Rawat
11. Smt. Mohsina Kidwai
12. Shri Vikram Verma
13. Shri Vinay Katiyar
14. Shri Sharad Anantrao Joshi
15. Shri M. Rajasekara Murthy
16. Prof. M.S. Swaminathan

SECRETARIAT

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

At the outset, the Chairman welcomed the Members. Thereafter, the Committee took up for consideration the Draft Reports on Demands for Grants (2008-09) of the following Ministries/Departments :-

- (1) Ministry of Agriculture
 - (i) Department of Agriculture & Cooperation
 - (ii) Department of Agricultural Research & Education
 - (iii) Department of Animal Husbandry & Dairying
- (2) Ministry of Food Processing Industries

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

3. The Committee then authorised the Chairman to finalise the above-mentioned Reports on Demands for Grants (2008-09) and present them to the House on a date and time convenient to him.

4. The Chairman thanked the Members for their cooperation and valuable suggestions made by them during consideration of the Demands for Grants of the concerned Ministries/Departments.

The Committee then adjourned