

STANDING COMMITTEE ON AGRICULTURE  
(2004-05)

FOURTEENTH LOK SABHA

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

DEMANDS FOR GRANTS (2005-2006)

NINTH REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

APRIL, 2005/CHAITRA, 1927 (Saka)

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FOURTEENTH LOK SABHA

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Presented to Lok Sabha on 20.4.2005  
Laid in Rajya Sabha on 20.4.2005



LOK SABHA SECRETARIAT

*NEW DELHI*

APRIL, 2005/CHAITRA, 1927 (Saka)

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# CONTENTS

## COMPOSITION OF THE COMMITTEE

### Introduction

#### **PART - I**

<a href="#">Chapter -I</a>	Introductory
<a href="#">Chapter-II</a>	Overview of Demands
<a href="#">Chapter-III</a>	Crops
<a href="#">Chapter-IV</a>	Trade
<a href="#">Chapter-V</a>	Agricultural Marketing
<a href="#">Chapter-VI</a>	Agricultural Credit and Crop Insurance
<a href="#">Chapter-VII</a>	Seeds
<a href="#">Chapter-VIII</a>	Cooperation
<a href="#">Chapter-IX</a>	Commission for Agricultural Costs and Prices and Price Support for farmers
<a href="#">Chapter-X</a>	Technology Mission on Oil Seeds and Pulses (TMOP)
<a href="#">Chapter-XI</a>	Horticulture
<a href="#">Chapter-XII</a>	Rainfed Farming Systems
<a href="#">Chapter-XIII</a>	Agriculture Extension and Training
<a href="#">Chapter-XIV</a>	Natural Resources Management
<a href="#">Chapter-XV</a>	Integrated Nutrients Management
<a href="#">Chapter-XVI</a>	Natural Disaster Management

#### **PART II**

### Recommendations/Observations

#### **Appendices**

<a href="#">APPENDIX I</a>	Minutes of the Fourteenth Sitting of the Committee held on 21 March, 2005
<a href="#">APPENDIX II</a>	Minutes of the Eighteenth Sitting of the Committee held on 9 April, 2005

## COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2004-2005)

Prof. Ram Gopal Yadav – Chairman

### **MEMBERS LOK SABHA**

2. Shri Hiten Barman
3. Shri Manoranjan Bhakta
4. Shri G.L. Bhargava
5. Shri Kuldeep Bishnoi
6. Shri Nihal Chand Chauhan
7. Shri Shivraj Singh Chouhan
8. Shri Lalchand Kol
9. Shri Khagen Das
10. Shri Dharmendra
11. Shri Sharanjit Singh Dhillon
12. Shri Raghunath Jha
13. Smt. Rupatai D. Patil Nilangekar
14. Shri Prakash V. Patil
15. Shri A. Ravichandran
16. Shri K.J.S.P. Reddy
17. Shri Y.S. Vivekananda Reddy
18. Shri Harihar Swain
19. Shri M.P. Veerendra Kumar
20. Shri Mahboob Zahedi
21. # Smt. Anuradha Choudhary

### **RAJYA SABHA**

22. Smt. Mohsina Kidwai
23. Shri Harish Rawat
24. Shri Pyarelal Khandelwal
25. Shri Raj Nath Singh
26. Shri Sk. Khabir Uddin Ahmed
27. Shri Bhagwati Singh
28. Shri Datta Meghe
29. Shri Bashistha Narain Singh
30. Shri Sharad Anantrao Joshi
31. \*Dr. M.S.Gill

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Chaudhary Munawwar Hassan ceased to be the Member of this Committee owing to his nomination to the Standing Committee on Labour w.e.f.16.8.04 vide L.S. Bt.Pt.-II dt.16.8.04

# Smt. Anuradha Choudhary has been nominated to this Committee w.e.f. 30.8.2004 vide L.S. Bt.Pt-II, dt. 30.8.2004

Shri Raashid Alvi ceased to be the Member of this Committee owing to his nomination to the Committee on Personnel, Public Grievances, Law & Justice w.e.f 31.8.2004 vide R.S. Bt Pt-II dt. 31.8.2004

\*Dr. M.S. Gill has been nominated to this Committee w.e.f 31.8.2004 vide R. S. Bt Pt-II dt. 31.8.2004

## SECRETARIAT

- |    |                     |   |                   |
|----|---------------------|---|-------------------|
| 1. | Shri P.D.T.Achary   | - | Secretary         |
| 2. | Shri N.K. Sapra     | - | Joint Secretary   |
| 3. | Shri Devender Singh | - | Director          |
| 4. | Shri K.D.Muley      | - | Under Secretary   |
| 5. | Ms. Amita Walia     | - | Committee Officer |

## INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, having been authorised by the Committee to submit the report on their behalf, present this Ninth Report on the Demands for Grants of the Ministry of Agriculture (Department of Agriculture and Cooperation) for the year 2005-2006.

2. The Standing Committee on Agriculture(2004-2005) was constituted on 5<sup>th</sup> August, 2004. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to the Houses. The report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Agriculture, Department of Agriculture and Cooperation on 21 March, 2005. The Committee wish to express their thanks to the officers of the Ministry of Agriculture, Department of Agriculture and Cooperation for placing before them the material and information which they desired in connection with the examination of the Demands for Grants of the Ministry for the year 2005-2006 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 9 April, 2005.

NEW DELHI;  
9 April, 2005  
19 Chaitra, 1927 (Saka)

PROF. RAM GOPAL YADAV  
*Chairman,*  
*Standing Committee on Agriculture*

# PART – I

## CHAPTER – I

### INTRODUCTORY

1.1 Agriculture sector is the backbone of our rural livelihood security system. As one of the largest agrarian economies in the world, Indian agriculture sector contributes approximately 25 per cent of India's GDP and 15 per cent of total exports and provides employment to around 65 per cent of the work force. Agriculture plays a pivotal role in the country's economy and any situational change positive or negative has its own multiplier impact on the entire economy.

1.2 The total geographical area of the country is 328.7 million hectare, of which about 141 million hectare is the net sown area, while 190 million hectare is the gross cropped area. The net irrigated area is nearly 57 million hectare with a cropping intensity of 134 per cent. The agriculture sector has been identified as one of the thrust areas for priority attention since it is the cornerstone of the Tenth Plan Strategy which targeted to achieve 8 per cent growth in the Gross Domestic Product (GDP).

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



1.4 The Department of Agriculture and Cooperation had proposed an outlay of Rs.18,253.81 crore but allocated Rs. 9,293.00 crore during the Ninth Plan period, out of which Rs.7,673.70 crore were utilized by them and Rs.1,619.30 crore surrendered.

1.5 For the Tenth Plan, as against the demand of Rs.25,001.75 crore projected by the Department, an allocation of Rs.13,300.00 crore was made by the Planning Commission.

Following is the Sector-wise demand proposed by the Department and approved by the Planning Commission for the Tenth Plan Period:

<i>(Rs. in crore)</i>			
Sl. No.	Sectors	Sector- wise demand projected by DAC for Tenth Plan	Sector wise demand approved by the Planning Commission for the Tenth Plan
1	Agricultural Extension & Training	1,390.00	550.00
2	Agricultural Census	70.00	60.00
3	Agri. Economics and Statistics	450.35	365.00
4	Seed Development	390.00	275.00
5	Integrated Nutrients Management (Ferti.)	125.00	110.00
6	Plant Protection	240.70	220.00
7	Agril. Implements and Machinery	115.00	75.00
8	Crops	1,000.00	850.00
9	Technology Mission on Oilseeds & Pulses	2,300.00	950.00
10	Rainfed Farming	12.00	12.00
11	Horticulture	5,568.00	1,945.00
12	Secretariat Services	-	40.00
13	Trade	760.00	190.00
14	Natural Disaster Management	55.00	5.00
15	Agricultural Marketing	1,526.00	600.00
16	Information Technology	925.00	100.00
17	Natural Resources Management	120.00	40.00
18	Credit & Crop Insurance	3,100.00	2,000.00
19	Cooperation	1,854.70	500.00
20	Macro Management	5,000.00	4,313.00
<b>Total</b>		<b>25,001.75</b>	<b>13,200.00</b>

<b>State Plan Scheme Watershed development in Shifting cultivation areas in NE States</b>	-	100.00
<b>GRAND TOTAL</b>	<b>25,001.75</b>	<b>13,300.00</b>

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

- (a) Development of Market Infrastructure, Grading and Standardisation.
- (b) National Project on Organic Farming.
- (c) Gramin Bhandaran Yojana. This Scheme was started towards the end of the Ninth Plan but approved for implementation during the Tenth Plan period.

1.7 The Schemes which are in process of being approved are listed below:-

- (a) National Horticulture Mission.
- (b) National Mission on Bamboo Technology and Trade Development.
- (c) Micro Irrigation.
- (d) Enhancing Sustainability of Dryland/Rainfed Farming System.
- (e) Forecasting Agricultural Output using Space, Agro-Meteorology and Land Based Observation (FASAL).
- (f) Agribusiness Project Development through Venture Capital Participation drawn up by Small Farmers Agri Business Consortium (SFAC).
- (g) Monitoring of Pesticides Residues at National Level.

1.8 While stating the reasons for delay in approval of the new Schemes the Department stated that operationalization of a new scheme involves preparation of detailed project report, getting in-principle approval from the Planning Commission, preparation and approval of the EFC Memorandum and approval of the competent authority which takes a considerable amount of time.

1.9 When asked about the delay in launching the schemes, the Secretary deposed:

*“Procedure for obtaining the approval for new schemes is very complicated and it takes lot of time. When Cabinet approval is granted we will complete all the formalities and start the schemes”.*

1.10 Following is the Annual Average Growth Rate percentage in regard to Agriculture and Allied sectors:

<b>Annual Average Growth Rate (per cent)</b>		
<b>Five Year Plan</b>	<b>Growth Rate of Agriculture &amp; Allied Sectors</b>	<b>Overall GDP growth rate</b>
Seventh Plan (1985-1990)	3.2	6.0
Annual Plan (1990-1992)	1.3	3.5
Eighth Plan (1992-1997)	4.7	6.7
Ninth Plan (1997-2002)	2.1	5.5
Tenth Plan (2002-2007)		
2002-03 +	-7.0	4.0
2003-04 ++	9.6	8.5
2004-05 +++	1.1	6.9
+ Provisional ++ Quick Estimates +++ Advance Estimates.		

1.11 As against the target average annual growth rate of 4 per cent during the Tenth Plan (2002-07), growth rate in 2002-03 (the first year of the Plan) was negative (-7.0 per cent). The year advanced estimates of National Income 2004-05 released by the Central Statistical Organisation on 7<sup>th</sup> February 2005 has projected the growth rate for the agriculture and allied sectors at 1.1 per cent for the year 2004-05.

1.12 There was a commendable growth rate of 9.6% during 2003-04. When asked why there is an apprehension of lower agricultural growth rate in 2004-2005, the Ministry, in a written reply, stated:

*“The favourable rainfall from the south-west monsoon season as a whole and in the agriculturally important month of July contributed to significant growth in production in 2003-04. The commendable growth rate of 9.6 per cent in 2003-04 also reflected the low base of GDP in agriculture in the previous year. The*

*modest rate of growth of GDP in agriculture in 2004-2005 reflects the adverse impact of unfavourable rainfall from the southwest monsoon in 2004 both for the season as whole (-13 %) and for the month July (-17%) and the high base of GDP in 2003-2004. In absolute terms the GDP in agriculture in 2004-05 is estimated at Rs. 3, 13, 915 crore compared to Rs. 3,10,611 crore in 2003-04”.*

1.13 The Finance Minister in his Budget Speech for 2005-2006 acknowledged the urgency of addressing the problems of the farmers as two thirds of our population is dependent on agriculture. Though agriculture is a State subject and the bulk of public investment in agriculture takes place at the State level, the role of Central Government is very important and their support to States act as a catalyst with a view to increasing the Agriculture GDP. Finance Minister also stressed the need for diversification of agriculture from foodgrains to other crops for which he desired the Ministry of Agriculture to prepare a road map for agricultural diversification focussing on fruits, vegetables, flowers, dairy, poultry, fisheries, pulses and oil seeds.

1.14 Taking note of the replies of the Department which repeatedly termed ‘Agriculture’ as a State subject and passed on the responsibility to State Governments, the Committee asked whether there was a proposal to include Agriculture in the Concurrent List. Thereupon, the Secretary, Department of Agriculture and Cooperation responded as under:

*“There is no such proposal from the Government as of now. But efforts are being made to provide enhanced outlays to the States to meet the requirement”.*

## CHAPTER – II

### OVERVIEW OF DEMANDS

2.1 The Budget Estimates and Revised Estimates for 2004-2005 and BE for 2005-2006 for Demand No.1 pertaining to the Department of Agriculture and Cooperation are as under:

(Rs. in crore)

BE 2004-2005			RE 2004-2005			BE 2005-2006		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2,670.00	344.00	3,014.00	2,965.00	331.50	3,296.50	4,209.32	380.51	4,589.83

2.2 Analysis of Demands for Grants (2005-2006)

(Rs.in crore)

	Plan		Non-Plan		Total
	Revenue	Capital	Revenue	Capital	
Charged	-	175.13		-	175.13
Voted	3,956.98	77.21	374.92	5.59	4,414.70
Total	3956.98	252.34	374.92	5.59	4,589.83

A total provision of Rs.4,589.83 crore has been made in respect of the Department for the year 2005-2006. The detailed Demands for Grants of the Ministry were laid on 17 March 2005.

2.3 There has been 11% increase in the Plan allocation in RE (2004-2005) compared to BE (2004-2005). The increase in the BE for 2005-2006 as compared to the BE of 2004-2005 is by 57.65%, while it is 41.96% in comparison to RE. The outlay proposed by the Department for 2005-2006 was, however, Rs.9,997.34 crore.

2.4 The following Table shows the BE, RE and Expenditure during the last 5 years.

(Rs.in crore)

Sl.No.	Year	Budget Estimates (BE)	Revised Estimates (RE)	Expenditure
1.	2000-2001			
	Plan	1965.00	1692.00	1666.05
	Non-Plan	4190.97	4447.81	4438.97
	<b>Total</b>	<b>6155.97</b>	<b>6139.81</b>	<b>6105.02</b>
2.	2001-2002			
	Plan	1985.00	1985.00	1792.92
	Non-Plan	123.36	283.36	441.84
	<b>Total</b>	<b>2108.36</b>	<b>2268.36</b>	<b>2234.78</b>
3.	2002-2003			
	Plan	2187.00	1687.00	1676.77
	Non-Plan	200.00	400.00	392.15
	<b>Total</b>	<b>2387.00</b>	<b>2087.00</b>	<b>2068.92</b>
4.	2003-2004			
	Plan	2187.00	2140.00	2070.77
	Non-Plan	401.34	389.00	372.85
	<b>Total</b>	<b>2588.34</b>	<b>2529.00</b>	<b>2443.62</b>
5.	2004-2005			
	Plan	2670.00	2965.00	2379.05 (Prov)
	Non-Plan	344.00	331.50	123.76
	<b>Total</b>	<b>3014.00</b>	<b>3296.50</b>	<b>2492.81</b>

2.5 As per the recommendations of the Standing Committee on Agriculture in their earlier Reports on Demands for Grants, the State-wise performance on various Central Schemes is being shown in the Performance Budget to have more transparency and accountability in utilisation of funds. As informed by the Ministry, release of funds to the States depends upon the expenditure incurred and submission of utilisation certificates in time. In Macro Management Scheme, there is a system of proportional cut in the release of funds to the States if funds are not utilised by a particular date. When the Ministry were asked to state the action they generally take against the poor performing States in the Schemes other than macro-management, they replied as under:

*“Release of funds to the States depends upon the expenditure incurred and submission of utilization certificates in time. In Macro Management Scheme, there is a system of proportional cut in the release of funds to the States, if fund is not utilized by a particular date.*

*Department regularly monitors the releases/expenditure incurred by the State. States have been impressed upon through continuous interaction to submit utilization certificate/progress report of expenditure. In case these reports are not*

*submitted in time, the second or third instalments are not released to States.*

*Further, financial performance in a particular year is a major input for the allocation of fund to the State in succeeding year”.*

2.6 The following table provides a comparison of the DAC's share in the Budgeted Outlays with some other Departments of the Government of India :

(Rs in crore)						
Departments	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
1 Deptt. of Agriculture & Cooperation	1950.00 (1.66%)	1970.00 (1.51%)	2167.00 (1.50%)	2167.00 (1.47%)	2650.00 (1.62%)	4179.00 (1.98%)
2. Deptt. of Animal Husbandry & Dairying	300.00 (0.26%)	300.00 (0.23%)	300.00 (0.21%)	300.00 (0.20%)	500.00 (0.31%)	669.00 (0.32%)
3. Deptt.. of Agriculture Research & Education	629.55 (0.54%)	684.00 (0.53%)	775.00 (0.54%)	775.00 (0.52%)	1042.00 (0.64%)	1150.00 (0.54%)
<b>4. Ministry of Agriculture Total</b>	<b>2879.55 (2.45%)</b>	<b>2954.00 (2.27%)</b>	<b>3242.00 (2.25%)</b>	<b>3242.00 (2.19%)</b>	<b>4192.00 (2.56%)</b>	<b>5998.00 (2.84%)</b>
5 Deptt. of Telecommunication & Telecom Services	19442.0 (16.56%)	20299.00 (15.59%)	19463.00 (13.51%)	14955.00 (10.11%)	11660.00 (7.12%)	11801.00 (5.58%)
6 Deptt. of Health	1300.00 (1.11%)	1450.00 (1.11%)	1550.00 (1.08%)	1550.00 (1.05%)	1800.00 (1.10%)	2908.00 (1.37%)
7 Deptt. of Fertilizer	1872.00 (1.60%)	1149.03 (0.88%)	899.00 (0.62%)	1060.00 (0.72%)	493.00 (0.30%)	1017.00 (0.48%)
8 Deptt. of Rural Development	6760.00 (5.76%)	6705.00 (5.15%)	10270.00 (7.13%)	10270.00 (6.94%)	11437.00 (6.99%)	18334.00 (8.67%)
9. Deptt.. of Urban Development	4062.00 * (3.46%)	4034.00* (3.09%)	5167.00 * (3.58%)	2497.00 (1.69%)	2176.00 (1.33%)	2877.00 (1.36%)
10 Ministry of Water Resources	475.00 (0.40%)	500.00 (0.38%)	550.00 (0.38%)	554.00 (0.37%)	580.00 (0.35%)	621.00 (0.29%)
11 Deptt. of Elementary Education & Literacy	3729.00 (3.18%)	4000.00 (3.07%)	4900.00 (3.40%)	4900.00 (3.31%)	6000.00 (3.66%)	12532.00 (5.93%)
12. Deptt.. of Food & Public Distribution	153.00 (0.13%)	122.00 (0.093%)	144.00 (0.099%)	4900.00 (0.093%)	6000.00 (0.039%)	157.00 (0.074%)
<b>13 GOI's Central Plan Outlay</b>	<b>117334.00</b>	<b>13081.00</b>	<b>144038.00</b>	<b>147893.00</b>	<b>163720.00</b>	<b>211253.00</b>

\* This includes the outlay for Ministry of Urban Development and Poverty alleviation as whole.

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

2.7 During the oral evidence, Secretary Department of Agriculture and Cooperation also admitted that “The Finance Minister and the Planning Commission have also assured us that if we spend the money allocated, then they would be in a position to consider further increasing our outlays”.

2.8 Following is the Statement showing Plan and Non-Plan allocation and expenditure during 3 years of Tenth Plan period and Budget Estimates for 2005-2006:



**STATEMENT SHOWING SECTOR-WISE PLAN AND NON-PLAN ALLOCATION &  
EXPENDITURE DURING TENTH PLAN**

Sl. NO.	SECTOR	PLAN						NON-PLAN							
		Alloca-tion 2002-03	Expnd. 2002-03	Alloca-tion 2003-04	Expnd. 2003-04	Alloca-tion 2004-05	Prov. Expnd. 2004-05	Alloca-tion 2005-06	Alloca-tion 2002-03	Expnd. 2002-03	Alloca-tion 2003-04	Expnd. 2003-2004	Alloca-tion 2004-05	Prov. Expnd 2004-05	Alloca-tion 2005-06
1	Agriculture Extension and Training	86.27	45.17	118.55	57.88	187.45	85.76	148.10	5.54	5.35	5.77	5.21	5.81	4.16	6.70
2	Agriculture Census	11.94	8.98	10.00	8.60	13.83	13.52	14.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Agriculture Eco. & Stat.	48.20	37.75	60.30	45.26	57.35	41.20	60.79	13.39	12.86	14.04	12.80	15.10	8.12	9.35
4	Seed	26.96	11.53	27.00	22.37	50.51	19.29	88.81	0.00	0.00	0.00	0.00	10.00	0.00	5.00
5	Integrated Nutrient Management	6.05	2.25	9.00	3.73	36.73	6.42	29.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Plant Protection	19.78	14.67	25.00	16.02	52.34	17.44	40.00	15.29	14.56	17.81	16.29	19.22	14.30	22.00
7	Agri Implements & Machinery	3.90	2.34	3.90	3.13	8.00	3.94	10.00	4.92	4.63	5.28	4.92	5.71	3.89	6.49
8	Crops	142.37	109.46	120.00	32.13	100.00	44.13	275.00	2.87	2.14	2.74	66.54	2.66	1.88	2.96
9	T.M.O.& P.	165.00	132.22	165.00	154.89	193.00	242.67	257.00	1.29	0.89	1.70	1.02	1.60	1.13	1.63
10	Rainfed Farming System	2.00	1.06	2.00	0.87	2.00	0.46	1.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Horticulture	283.15	218.05	291.22	197.83	542.00	257.82	1405.00	1.19	1.17	1.33	1.24	1.34	0.99	1.61
12	Secretariat Eco. Service	5.97	5.63	6.00	2.89	4.26	2.20	8.00	23.55	20.94	24.98	22.09	24.48	20.87	28.20
13	Trade (SFAC)	15.00	15.99	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Natural Disaster Management	4.07	1.16	1.00	0.32	1.00	0.05	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	Agriculture Marketing	79.98	69.96	100.00	88.92	155.52	112.05	165.50	18.30	16.33	19.65	17.08	19.14	16.02	20.47
16	Information Technology	12.92	6.66	15.00	4.41	27.00	1.98	27.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	Natural Resource Management	24.75	25.96	43.03	26.48	29.40	25.24	38.00	1.52	1.36	1.61	1.45	1.65	1.14	1.70
18	Credit & Crop Insurance	419.13	341.87	420.00	714.49	413.00	410.00	615.00	0.00	0.00	0.00	55.99	32.00	0.00	1.00
19	Cooperation	81.45	30.44	70.00	42.36	74.17	41.30	110.00	100.00	300.00	294	156.00	192.53	45.00	260.00
20	Policy & Planning	748.11	595.62	700.00	648.15	722.44	963.31	913.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	International Cooperation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.14	11.91	12.41	12.15	12.76	5.66	13.20
	<b>Total</b>	<b>2187.00</b>	<b>1676.77</b>	<b>2187.00</b>	<b>2070.73</b>	<b>2670.00</b>	<b>2288.78</b>	<b>4209.32</b>	<b>200.00</b>	<b>392.14</b>	<b>401.3</b>	<b>371.45</b>	<b>344.00</b>	<b>123.16</b>	<b>380.51</b>

2.9 A Plan outlay of Rs. 4,209.32 crore has been approved for 2005-2006 vis-à-vis Rs.2,670.00 crore for 2004-05 indicating an increase of Rs.1,539.32 crore. The major Divisions where the outlays have been increased in 2005-06, as compared to the 2004-05, are as follows:

<b>Department of Agri &amp; Coop. Division</b>	<b>Increase in the allocation (Rs. in crore)</b>
Crops	175.00
TMOP	64.00
Horticulture	863.00
Seeds	38.30
Cooperation	35.83
Agriculture Marketing	9.98
Macro Management	192.68
Credit/Crop Insurance Scheme	200.00

In case of the following major Divisions, there has been a decrease in the outlays in 2005-06 vis-à-vis 2004-05.

(Rs. in crore)	
Extension	39.35
Plant Protection	12.34
INM	7.23

#### **Allocation For North Eastern States**

2.10 The year-wise Budget Estimates for the Department of Agriculture and Cooperation, Allocation for North Eastern States, Percentage of Total Allocation and Actual Release of Funds for the North Eastern States is given below in the Table:

							Rs.in crore
Year	Budget Estimate	Allocation for NE States	% of Total allocation	Revised Estimate	Allocation for NE States	% of Total allocation	Actual Release
2003-04	2,167.00	216.70	10.00	2,120.00	212.00	10.00	152.06
2004-05	2,650.00	265.00	10.00	2,945.00	294.50	10.00	294.50 (Provisional)
2005-06	4,179.32	418.00	10.00				

2.11 The major on-going Schemes under which funds are allocated for the development of agriculture sector in the North Eastern States are the Centrally-Sponsored Schemes namely, (i) Macro Management of Agriculture and (ii) Technology

Mission on Integrated Development of Horticulture in North Eastern States, Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttaranchal.

### Subsidies

2.12 Subsidy in the agriculture sector in India constitutes less than 2 per cent of the GDP. The share of agricultural subsidy in overall GDP remained unchanged at the level of 1.6 per cent during 1999-2000 to 2001-02. Input subsidies going to the agriculture sector are aimed at both reasonable prices for essential items of consumption and lower costs (higher returns) to farmers. Though the share of agriculture in total GDP has declined to 20.5 per cent, it continues to support nearly two-thirds of the country's population. Besides, in countries like India the average size of holding is extremely small. In India, about 62 per cent of the farmers own less than one hectare of land while 19 per cent have less than two hectares of land. The economic lot of the farmers in developing countries stands nowhere in comparison with that of their counterparts in the developed countries. There is a wide gap in per capita income between the developed and the developing countries. The purchasing power parity (PPP) per capita income in India was US\$ 2,570 in 2002 compared with US\$ 35,060 in the USA, US\$ 26,070 in Japan and US\$ 28,070 in Canada.

2.13 When posed with the general perception that the various sops announced by Central/State Governments on Electricity/Water and loans do benefit the big farmers and landlords and very little trickles down to small farmers because of their small holdings and comparatively low consumptions, the Ministry in a written reply stated:-

*“Studies have indicated that the share of marginal and small farmers in total subsidies is not lower than their share in operated area. According to a study undertaken by S.S.Acharya & R.L.Jogi, during 1999-2000 the share of marginal and small farmers in total subsidies was 36.4 per cent compared with their share of 36 per cent in operated area. In regard to medium farmers, the share in total agriculture subsidy was 51.8 per cent compared with their share of 49.1 per cent*

*in operated area. The share of large farmers in total subsidy was 11.8 per cent compared with their share of 14.8 per cent in operated area”.*

2.14 The following Table shows the estimated subsidy per hectare for different size groups of farmers during 1999-2000:

**Estimated Subsidy Per Hectare for Different Size Groups of Farmers**

<b>Farm size</b>	<b>Subsidy (Rs. Per Hectare)</b>
Marginal	2,863
Small	2,892
Semi-medium	2,931
Medium	3,051
Large	2,260
All	2,843

Source : Farm Input Subsidies in Indian Agriculture by S.S. Acharya & R.L.Jogi.

(Note : The study by S.S.Acharya & R.L.Jogi does not cover the period beyond 1999-2000.)

2.15 When enquired about the comparison of the subsidies being given by developed countries, the Secretary, Department of Agriculture and Cooperation stated:

*“Heavy subsidies being given by the developed countries cannot be compared with the subsidies given by developing countries. The matter was also discussed in the meeting of G-20 countries.”*

2.16 Further on the question of subsidies, the representative of the Department testified as under :

*“As on today, the subsidies which are calculated as being given to Agriculture is somewhere close to about Rs.36,000 crore. That is the extent of the subsidy that is being provided to the farming community. This is largely under three segments. They are : Fertilizer, Water and Electricity. In so far as the fertiliser is concerned, we have done an analysis and we have found that 54 per cent of this subsidy actually is going to the industry. So, it really cannot be counted against the head of the farmer. But barring that, rest of the subsidy is actually going to the farmer in so far as the fertiliser is concerned. The subsidy which is there on*

*the water is there and the one which is for electricity is also there. We have done an analysis and found that marginal farmers are getting a subsidy of Rs.2,863 per hectare; small farmers are getting a subsidy of Rs.2,892 per hectare; semi medium farmers are getting Rs.2931; medium farmers are getting Rs.3,051 and large farmers are getting Rs.2,260. Of course, the overall average is working out to Rs.2,843 generally. So, it would be seen that as far as the small and marginal farmers are concerned, subsidies are more or less equal to the areas that they are operating. It is not very skewed in favour of 'X' segment or 'Y' segment of the farming community".*

## CHAPTER – III

### CROPS

3.1 Under the Crops Division following is the Plan BE & Expenditure for 2003-2004 and 2004-2005 and BE for 2005-2006:-

(Rs. in crore)

2003-2004		2004-2005		2005-2006	
BE	Expenditure	BE	Prov. Expenditure	Proposed Outlay	BE
120.00	32.13	100.00	44.13	1025.00	275.00

3.2 The Department had proposed Rs.1,025 crore for 2005-2006 but only Rs.275.00 crore have been allocated. When asked as to how the Department would manage with such drastically reduced outlay, the Department in a written reply stated:

*“the Crops Division is implementing two on-going schemes namely, (i) Mini Mission II of Technology on Cotton (TMC) and (ii) On-Farm Water Management for increasing Crop production in Eastern India for which an allocation of Rs.50.00 crore and Rs.25.00 crore respectively has been made. A new Scheme, ‘Enhancing Sustainability of Dryland Rainfed Farming Systems’ is proposed to be launched during 2005-2006. Against the proposed allocation of Rs.900.00 crore under this Scheme, Rs.200.00 crore has been allocated. Since the new scheme is in formulation stage and it will take some more time to become operational, Rs.200.00 crore allocated for the scheme would be adequate to implement the scheme during the year. However, if required the additional allocation will be sought at R.E. stage”.*

3.3 The following Table shows the Foodgrains Production during the last 5 years:-

**Food grains production (million tonne)**

<b>Crop/Year</b>	<b>1999-2000</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04*</b>	<b>2004-05</b>
Rice	89.7	85.0	93.3	72.7	87.0	87.8
Wheat	76.4	69.7	72.8	65.1	72.1	73
Coarse Cereals	30.3	31.1	33.4	25.3	37.8	31.9
Pulses	13.4	11.1	13.4	11.1	15.2	13.7
<b>Food grains</b>						
Kharif	105.5	102.1	112.1	87.8	112.0	102.9
Rabi	104.3	94.7	100.8	86.4	100.0	103.5
<b>Total</b>	<b>209.8</b>	<b>196.8</b>	<b>212.9</b>	<b>174.2</b>	<b>212.0</b>	<b>206.4</b>

3.4 Erratic monsoon rainfall in 2004 caused a substantial fall in kharif foodgrains production. The second advance estimates of foodgrains production released by the Agriculture Ministry on 19, January 2005, puts the Kharif foodgrains production at 102.9 million tonnes, which is short of last year's production by nearly 9 million tonnes. Good post-monsoon rains, especially during October 2004, which helped in building up soil moisture and the prevalence of cool weather conditions through rabi season improved the prospects of rabi foodgrains and is expected to help offset the loss in kharif foodgrains production partly. The Agriculture Ministry has projected rabi foodgrains production at 103.5 million tonne, up 3.5 million tonne from the last season. The overall foodgrains production for the 2004-2005 season is, thus estimated at 206.4 million tonne, which is nearly 6 million tonne less than that of last year.

**Centrally Sponsored Scheme of "On -Farm Water Management for Increasing Crop Production in Eastern India**

3.5 A Centrally Sponsored Scheme of "On –Farm Water Management for Increasing Crop Production in Eastern India" is being implemented in 10 Eastern States, namely Eastern Uttar Pradesh, Bihar, Jharkhand, Orissa, Chhatisgarh, West Bengal, Assam, Arunachal Pradesh, Manipur and Mizoram since 2002-03.

3.6 The main objective of the Scheme is to increase the production and productivity of different crops in eastern India through exploiting underground and surface water

resources. The funding pattern of the Scheme is on 20:30:50 basis, i.e. 20% contribution by the beneficiaries, 30% Government of India subsidy and remaining 50% is bank loan. The Scheme is being implemented as a credit-linked back-ended subsidy basis through NABARD in coordination with the State Governments.

3.7 The physical targets vis-a-vis achievements of the Scheme for the year 2002-2003 to 2004-05 are as follows:

S.No.	Component	2002-03		2003-04		2004-05( Till the month of January,05)	
		T	A	T	A	T	A
1.	Shallow Tube wells with Pump sets (No.)	79059	18612	52500	16082	23,400	19796
2.	Dug wells (No.)	12450	145	10074	1847	2,100	1787
3.	Low lift irrigation points (No.)	27901	631	27375	1542	19,363	1749
4.	Pump sets (No.)	36146	7927	33599	10075	32,197	6836
	<b>Total</b>	<b>155556</b>	<b>27315</b>	<b>123548</b>	<b>29546</b>	<b>77060</b>	<b>30168</b>

**T=Target, A=Achievement**

### **Scheme On Enhancing Sustainability Of Dryland Rainfed Farming Systems**

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



3.9 The Department, in a written reply, informed that the Feasibility Report has been submitted to the Planning Commission on 9 December 2004 for approval of the Scheme. After receiving 'in principle' approval of the Planning Commission, the Detailed Project Report (DPR) and proposal for EFC will be prepared. Rs. 200 crore have been allocated to the Scheme 'Enhancing Sustainability of Dryland Rainfed Farming System' for implementation during the year 2005-06.

## CHAPTER – IV

### TRADE

4.1 India has, in recent years, been a net exporter of agricultural goods. The exports of agricultural products from India, which stood at US\$ 6,734 million and US\$ 7,533 million in 2002-03 and 2003-04 respectively, were more than twice the import of agricultural products in the corresponding years. During the first half of the current year 2004-05, the exports of agricultural products were US\$ 511 million which were slightly less than double of the imports of the agricultural products during the same period.

#### Agri Exports

4.2 Following Table shows the Agricultural Exports.

Agriculture exports									
		2002-03		2003-04		2003-04 (Apr.-Sept.)		2004-05 (Apr.-Sept.)	
Sl. No.		Million US dollar	Per cent share of agri-exports	Million US dollar	Per cent share of agri-exports	Million US dollar	Per cent share of agri-exports	Million US dollar	Per cent share of agri-exports
1	Tea	343.6	5.1	356.3	4.7	155.5	5.1	197.2	5.6
2	Coffee	205.5	3.1	236.3	3.1	116.0	3.8	111.0	3.2
3	Rice	1281.1	18.1	907.0	12.0	458.4	14.9	456.3	13.0
4	Wheat	363.6	5.4	520.4	6.9	227.9	7.4	220.7	6.3
5	Sugar & molasses	375.1	5.6	269.0	3.6	189.3	6.2	14.8	0.4
6	Tobacco	212.5	3.2	238.6	3.2	113.6	3.7	131.7	3.8
7	Spices	342.8	5.1	336.1	4.5	141.7	4.6	222.1	6.3
8	Cashew	424.2	6.3	370.0	4.9	159.1	5.2	240.2	6.8
9	Sesame and niger seeds	93.2	1.4	164.2	2.2	47.3	1.5	47.1	1.3
10	Guargum meal	100.6	1.5	110.5	1.5	60.2	2.0	51.0	1.5
11	Oil meals	308.8	4.6	728.7	9.7	78.5	2.6	298.4	8.5
12	Fruits & vegetables	300.2	4.5	453.2	6.0	176.7	5.8	200.5	5.7
13	Processes fruits & vegetables	118.8	1.8	74.8	1.0	32.5	1.1	38.4	1.1
14	Meat & meat preparations	284.6	4.2	373.1	5.0	142.8	4.7	170.4	4.9
15	Marine products	1431.6	21.3	1328.7	17.6	625.2	20.4	549.5	15.6
16	Others	611.1	9.1	1066.1	14.2	343.3	11.2	561.7	16.0
17	Agriculture exports	6734.0	100.0	7533.0	100.0	3068.0	100.0	3511.0	100.0
	Total exports	52719.4		63843.0		27412.0		36235.0	
	Agri-exports as per cent of total	12.8		11.8		11.2		9.7	

4.3 Despite an increase of 11.87 per cent during 2003-04 and 14.43 per cent during the first six months of 2004-05, the share of agri-exports in total merchandise exports

came down from 12.8 per cent in 2002-03 to 11.8 per cent in 2003-2004 and further, to 9.7 per cent during the first six months of 2004-2005. The decline in the share of the agri-exports to total exports, notwithstanding the growth in its volume in the range of 12-14 per cent has been because of a much faster growth in the volume of merchandise exports, which ranged between 21 and 32 per cent during the same period.

4.4 Despite an impressive growth of basmati rice exports, especially during the first half of the current year (from \$ 426 million in 2002-03 to \$ 433 million in 2003-2004, and from \$ 170 million in the first half of 2003-04 to \$ 256 million in the corresponding period of 2004-2005), there was a fall both in the volume of rice exports and its share in agri-exports in 2003-2004 and the first half of 2004-2005, in view of the decision of the Government to ban fresh export of foodgrains from the FCI since August 2003, in the light of the declining stock of foodgrains. The export of wheat also declined both in volume and share in the first half of 2004-2005 as compared to the corresponding period of 2003-2004.

4.5 The Foreign Trade Policy 2004-09 emphasizes the importance of agricultural exports and contains significant policy measures to boost agri-exports. One of the measures is introduction of a new scheme called 'Vishesh Krishi Upaj Yojana' (Special Agricultural Produce Scheme) for promoting the exports of fruits, vegetables, flowers, minor forest produce, and their value added products. The Scheme has already been launched for each licensing year commencing 1 April 2004

#### **Agri-imports**

4.6 The import of agricultural products which increased by 27 per cent in 2003-04, showed signs of softening in 2004-05, with the agri-imports declining by 8 per cent during the first half of 2004-05 from US\$ 1,949 million in the corresponding period of 2003-04.

4.7 Following Table shows the import of Agricultural Products:

**Agricultural imports**

	2002-03		2003-04		2003-04 Apr.-Sept.)		2004-05 (Apr.-Sept.)	
	Million US dollar	Per cent share of agri imports	Million US dollar	Per cent share of agri imports	Million US dollar	Per cent share of agri imports	Million US dollar	Per cent share of agri imports
Cereals	24.5	0.9	19.4	0.5	8.8	0.5	12.4	0.7
Pulses	565.6	20.2	497.2	13.9	254.3	13.0	181.8	10.2
Milk & Cream	2.0	0.1	19.5	0.5	1.36	0.1	1.48	0.1
Cashew nuts	255.4	9.1	298.5	8.4	158.99	8.2	226.74	12.7
Fruits & nuts excluding	132.6	4.7	174.6	4.9	67.73	3.5	71.27	4.0
Sugar	6.8	0.2	13.6	0.4	0.17	0.0	56.12	3.1
Oilseeds	2.4	0.1	3.0	0.1	0.81	0.0	2.58	0.1
Vegetable oils fixed (edible)	1814.2	64.7	2542.5	71.3	1456.8	74.7	1235.6	69.1
Agricultural Imports	2803.4	100.0	3568.3	100.0	1948.96	100.0	1787.99	100.0
Total imports	61412.1	100.0	3568.3	100.0	1948.96	100.0	1787.99	100.0
Agri-imports as per cent of total imports		4.6		4.6		5.6		3.7

4.8 The import of edible oils, which is the most dominant item of agri-imports, accounting for almost two-third of the total agri-imports in recent years registered a sharp increase of nearly 40 per cent in 2003-04, following low production of oilseeds in 2002-2003 at 15.1 million tonnes. This was mainly responsible for the large increase in the volume of agri-imports in 2003-2004. With the record production of oilseeds in 2003-2004 at 25.1 million tonnes, the import of edible oils declined during the first half of 2004-05 by 15.2 per cent from US\$ 1,457 million during the corresponding period of 2003-2004, which mainly contributed to the decline in the agri-imports during the first half of 2004-2005. Despite the increase in the volume of agri-imports in 2003-04, by 27 per cent over 2002-03, the share of agri-import in the total merchandise imports remained unchanged at 4.6 per cent. The share of agri-imports to total merchandise imports declined to 3.7 per cent in the first half of 2004-05 from 5.6 per cent in the corresponding period of 2003-04.

4.9 During the oral evidence, the representative of the Department informed :

*“After removal of quantitative restrictions, import duties on a number of primary agricultural products have been increased to prevent any kind of import surge, for*

*example in last five years, the import duty on edible oils has been raised from 15 to 90 per cent, on wheat and rice from zero to 50 and 70 per cent; on apple up to 50 per cent; on pepper and arecanut up to 70 per cent and 100 per cent respectively. Besides, in the on-going WTO negotiations on agriculture, the Government, along with other developing countries have taken up the issue of high level domestic support prevailing in the developed countries and its adverse impact on farmers in developing countries.”*

4.10 While informing about the import of edible oil the representative of the Department stated as under:-

*“The consumption of the edible oil in the country is approximately 10 million tonne while the production is about 7.5 million tonne, that is the reason we have to import the edible oil. During 2001-2002 - 2,980 quintal, 2002-2003 - 4429 quintal and 2003-2004 -4698 quintal oil seeds, was imported. Import duty on oil seeds is 30 per cent. The Government tries to maintain a reasonable import duty structure keeping in mind the domestic prices.”*

## CHAPTER – V

### AGRICULTURAL MARKETING

5.1 The objective of the various Schemes operated by the Agriculture Marketing Division is to provide a network of services that will improve the quality and availability of agricultural products in the country. The Government has been playing an important role in developing the Agricultural Marketing System in the country. Department of Agriculture and Cooperation has two organizations dealing with marketing under its administrative control, namely, the Directorate of Marketing and Inspection (DMI) and the National Institute of Agricultural Marketing (NIAM), Jaipur.

5.2 Following is the BE, RE 2004-2005 and BE for 2005-2006 for Agriculture Marketing division

(Rs.in crore)

2004-2005			2005-2006	
BE	RE	Provisional Expenditure	Proposed Outlay	BE
155.52	116.00	112.05	198.12	165.50

5.3 As per the Annual Budget Statement, the Government propose to introduce a New Scheme called, ‘Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization. It will be implemented through NABARD, NCDC, Commercial and Cooperative banks. Under the Scheme, the entrepreneurs will be free to locate the marketing infrastructure projects at any place of their choice determined on the basis of economic viability and commercial considerations. Rate of subsidy shall be 25% of the capital cost of the project and maximum Rs.50 lakh for each project. The Scheme shall be implemented with effect from 2004-05 and during 2005-07 with a Central Assistance of Rs.175 crore for marketing infrastructure projects.

**Amendment in APMC Act:-**

5.4 The State Governments of Madhya Pradesh, Maharashtra, Karnataka, Uttar Pradesh and Punjab have amended their Agricultural Produce Marketing Committee (APMC) Act/Rules for promoting contract farming and direct marketing and/or for permitting private and cooperative investments for setting up of agricultural markets. The APMC Act of Tamil Nadu already provides for suggested reforms. The States of Haryana, Rajasthan, Orissa, Nagaland, Assam, Mizoram, Arunachal Pradesh, Tripura, Chattisgarh, Meghalaya, Gujarat, Uttaranchal, Sikkim and Jammu & Kashmir have also initiated action for requisite reforms. The scheme will be implemented in those States which amend their APMC Act, wherever required, to allow direct marketing and contract farming and to permit setting up of competitive agricultural produce markets in cooperative and private sectors.

5.5 During the evidence, the Secretary, Department of Agriculture and Cooperation stated :

*“ I am happy to report that none of the State Ministers of Agriculture, who came to discuss the issue of amendment in APMC Act in a national level meeting chaired by Agriculture Minister, opposed this move and they said that they would amend this Act. However, the fact is that since it is a legislative procedure, it is taking time.”*

5.6 It is proposed to set up rural godowns of 26 lakh tonne capacity (24 lakh tonne new construction and 2 lakh renovation) during 2005-06. Under ‘the Scheme of Construction of Rural Godowns’, the size and the location of the godown is to be decided by the entrepreneur based on economic viability and commercial considerations. An amount of Rs. 97.00 crore has been provided to NABARD and NCDC by the Department of Agriculture & Cooperation under the Scheme for release of subsidy during 2004-05.

## CHAPTER – VI

### AGRICULTURAL CREDIT AND CROP INSURANCE

6.1 Progressive institutionalization of agricultural credit for providing timely and adequate credit support to farmers at reasonable rates of interest has been the focus of the credit policy of the country. The Government of India has taken various policy initiatives for strengthening of rural credit delivery system to meet the growing credit needs of the agriculture and rural sectors. In order to strengthen the Cooperative Credit Institutions for meeting the credit requirement of the farmers, Central assistance is released to the State Governments under various Centrally-Sponsored and Central Sector Plan Schemes.

6.2 Under the Credit and Crop Insurance Division, out of the Ninth Plan outlay of Rs.1,749.87 crore, only Rs.1,557.00 crore could be spent, which amounts to 88.98 per cent of the total outlay. For credit Schemes during 2005-2006, Rs.615.00 crore have been allocated as against the Budget Estimates of Rs.413.00 crore and provisional expenditure of Rs.410.00 crore for 2004-2005.

6.3 As per Economic Survey 2004-2005, there has been a steady increase in the flow of Institutional Credit to agriculture over the years. The following Table shows the Institutional credit to agriculture during the last 5 years and up to 2 December 2004:

Institutional Credit to Agriculture						(Rs. in Crore)
Institutions	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05 *
Co-operative Banks	18,363	20,801	23,604	24,296	26,956	24,471
Share (percent)	40	39	38	34	31	28
Regional Rural Banks	3,172	4,219	4,854	5,467	7,581	9,176
Share (percent)	7	8	8	8	9	11
Commercial Banks	24,733	27,807	33,587	41,047	52,441	52,038
Share (percent)	53	53	54	58	60	61
Total	46,268	52,827	62,045	70,810	86,981	85,686
Percent increase	26	14	17	14	22	

\* Upto December, 2004.



6.4 It is observed that the share of Regional Rural Banks is as low as 11% to total agricultural credit, whereas RRBs are supposed to cater to the credit needs of farmers in their vicinity.

6.5 When asked about the steps taken to improve the performance of Regional Rural Banks (RRBs) the department replied as under:

*“While accepting that Regional Rural Banks, despite their rural mandate, have not been catering sufficiently to the needs of the rural people. A conscious decision was taken to increase their share by allocating a target of Rs.8,500 crore for the year 2004-05 which represents a 40% increase over the estimated achievement for 2003-04, as against a 30% increase in the target allocated to other agencies. As on 31 January, 2005 Regional Rural Banks have surpassed their annual target by disbursing Rs.10,457 crore (123% achievement over annual target). Accordingly, their share in total agriculture credit has reached around 11% as against 9% in the previous year. With a view to further increasing the share of Regional Rural Banks, it is proposed to advise them to increase their agricultural lending by 40% during 2005-06.*

6.6 Total Credit Flow to Agriculture during the years 2002-2003, 2003-2004 and 2004-2005 are as under:-

(Rs.in crore)

Year	Credit Flow
2002-03	69,560
2003-04	86,981
2004-05*	99,240

\* The figure of credit flow to Agriculture for the year 2004-05 is for the period April 2004 to January 2005.

6.7 The names of the domestic commercial banks (public and private sector banks) which have not achieved the agricultural lending target of 18% of Net Bank Credit as on the last reporting Friday of March 2004 are given below:

**Public Sector Banks**

S.No.	Name of Bank
1	State Bank of India
2	State Bank of Bikaner and Jaipur
3	State Bank of Hyderabad
4.	State Bank of Mysore
5.	State Bank of Travancore
6.	Andhra Bank
7.	Bank of Baroda
8	Bank of India
9	Bank of Maharashtra
10	Canara Bank
11	Central Bank of India
12	Corporation Bank
13	Dena Bank
14	Oriental Bank of Commerce
15	Punjab and Sind Bank
16	Syndicate Bank
17	Union Bank of India
18	United Bank of India
19	UCO Bank
20	Vijaya Bank

**Private Sector Banks**

S.No.	Name of Bank
1	Nainital Bank Ltd.
2	Bank of Rajasthan Ltd.
3	Catholic Syrian Bank Ltd.
4.	City Union Bank Ltd.
5	Karur Vysya Bank Ltd.
6	Lakshmi Vilas Bank Ltd.
7	Ratnakar Bank Ltd.
8	Sangli Bank Ltd
9	Tamil Nadu Mercantile Bank Ltd.
10.	Federal Bank Ltd.
11	Karnataka Bank Ltd.
12	Bharat Overseas Bank
13	South Indian Bank Ltd.
14	Lord Krishna Bank Ltd.
15	Jammu and Kashmir Bank Ltd.
16	United Western Bank Ltd.
17	Dhanalakshmi Bank Ltd.
18	UTI Bank
19	Indusind Bank
20	Development Credit Bank
21	Centurion Bank
22	HDFC Bank
23	Bank of Punjab

24	IDBI Bank
25	ING Vysya Bank Ltd
26	Global Trust Bank Ltd.
27	Kotak Mahindra Bank Ltd*

\* Kotak Mahindra Bank Ltd. was advised to achieve a target of 8% of Net Bank Credit (instead of stipulated 18% of NBC) as on the last reporting Friday of March 2004.

6.8 On the question of credit flow to Agriculture, the representative of the Department stated:

*“So far as the credit flow is concerned, I will just give the broad figures to indicate that there has definitely been an improvement over the last few years as compared to 2004-05. During the year 2003-04, the credit flow to the Agriculture sector was around Rs.86,000 crore. This year, we hope that the disbursement will be close to Rs. 108,500 crore. The Hon’ble Finance Minister has already announced that during the next fiscal year of 2005-06, there is going to be another 30 per cent increase.”*

6.9 Explaining the role of NABARD and agricultural credit, Chairman NABARD informed as under:

*“I would like to inform that the NABARD has taken very pro-active steps. The first is to reduce the interest rate on the refinance for the production credit loans which are being given to the farmers. The second is to make the process very simple so that the coverage of the refinance is increased from the earlier figure of about 18 per cent of the loan given to over 30 per cent of the loan which is now being given.”*

The witness further submitted :

*“Now in consequence of this, as against in the year 2004, the refinance was of the order of Rs.7,340 crore for only cooperative banks for production credit. This has increased to Rs.8,010 crore in the year 2005. We expected to go with this. It means that an additional amount of Rs.670 crore is given to the cooperative bank*

*as refinance for production credit. Now, in the same production credit to the Regional Rural Banks (RRBs), the amount given for the year 2004 was of the order of Rs.1,430 crore. This has increased to Rs.2,105 crore for the year 2005. So an additional amount of Rs.675 crore is given.”*

6.10 As regards the scale of Finance, Chairman, NABARD further informed the Committee:

*“One of the important steps is to revise the scale of finance. This scale of finance is to be decided at the District Level Technical Committee of each district. As per the rulings, this scale of finance gives a certain amount, which has to be financed depending upon the crop, which is being sown. Now, we felt that banks were taking a very rigid posture on this. When we are talking of scale of finance, we should talk of a ranged figure and not of one unified figure. One more thing is that the Branch Managers were saying that if they give something more or less, then they would be accountable by their audit. We have issued a very detailed three page circular on scale of finance. We have said that the scale of finance is a range and it should be taken as a single figure. The authority should be given to the Branch Managers to decide”.*

**Kisan Credit Card (KCC):-**

6.11 The Number of Kisan Credit Card (KCC) issued during the last three years along with the credit limit sanctioned are as under:-

(Rs.in crore)

Year	Total	
	No.of cards issued	Amount Sanctioned
2001-2002	93,40,534	25,858
2002-2003	82,42,756	26,277
2003-2004	92,46,633	21,785
2004-2005	65,98,464	23,091*

\* Progress upto 31 January 2005

Data for commercial banks upto September 2004.

6.12 The number of Kisan Credit Cards issued to the farmers since inception of the Scheme till 31 January 2005 is 4,79,98,990.

6.13 In reply to a question, the Department stated that six State/Central Cooperative Banks and 140 District Central Cooperative Banks do not comply with Section 11 of the Banking Regulation Act, 1949. They also have difficulty in accessing refinance for agricultural credit. The Ministry informed that NABARD has been advised to initiate steps for improving the bottom line of the State Cooperative Banks and District Central Cooperative Banks not complying with the Section 11 of the Banking Regulation Act, 1949.

6.14 When asked as to what difficulties /reservations have been expressed by the Cooperative Banks in accessing refinance, the Ministry in a written reply informed as under:

*“NABARD is providing restricted refinance facilities to the Cooperative Banks not complying with the provisions of Section 11 (1) of the Banking Regulation Act, 1949. Besides, NABARD also insists for Government guarantee or pledge of securities in lieu of Government guarantee for providing refinance to certain specified categories of section 11 (1) non-compliant Cooperative Banks which these Banks often find difficult to obtain.*

*Cooperative Banks have also raised the issue of rate of interest on refinance and increasing the quantum of concessional refinance from the present level of around 20% to at least 50%. They have also demanded that the rate of interest on refinance should be reduced to 3%.”*

6.15 When asked about the action the Government has taken to solve the problems of Cooperative Banks, the Ministry replied:

*“The Task force constituted to examine the reforms required in the cooperative credit system and to suggest methods for their financial and*

*structural strengthening has submitted its report in respect of short-term cooperative credit structure. The main recommendations of the Task Force include;*

- *Special financial assistance to wipe out accumulated losses and strengthen the capital base of cooperative credit institutions;*
- *Institutional restructuring to ensure democratic institutions; and*
- *Changes in the legal framework to empower RBI to enforce prudent financial management.*

*The Government has accepted the report in principle and proposes to call the State Governments for consultations to begin the process of implementing the recommendations of the Task Force”.*

### **Crop Insurance**

6.16 In replacement of the Comprehensive Crop Insurance Scheme (CCIS), the Government have introduced a new Scheme entitled, ‘National Agricultural Insurance Scheme’ (NAIS) from Rabi Season, 1999-2000. Small and marginal farmers are entitled to 50 per cent subsidy on the premium, which is shared on 50 : 50 basis by the Central and State Governments. As per provision in the Scheme, premium subsidy is to be phased out over a period of 5 years.

6.17 A Joint Group which was constituted by the Ministry of Agriculture to study the improvements required in the existing Crop Insurance Scheme, has submitted its report on 20 December 2004. The major recommendations of the Group relating to the Crop Insurance are:-

- Reduction in the unit area of insurance to the level of village panchayat for major crops.
- Threshold/guaranteed yield is proposed to be based on best 5 years out of preceding 7 years yield data.

- Indemnity levels will be 90% for low risk areas/crops and 80% for other areas/ crops.
- Coverage of pre-sowing/planting risks (i.e. prevented sowing on account of adverse seasonal conditions). The indemnity payable may range between 20% and 25% of the sum insured.
- Post-harvest losses on account of cyclone are to be covered in coastal areas for a period of two weeks from harvesting provided the harvested crop is lying the field.
- Uniform seasonality discipline for loanee and non-loanee farmers is to be followed in consultation with the States/UTs.
- On account payment of claims is to be made during the season on the basis of weather data or satellite imagery or other proxy indicators so as to make timely payment of claims.
- An individual assessment of claims will be carried out in case of specified localized calamities viz hailstorm, landslide and damage due to wild animals.
- Insurance Scheme to be placed on actuarial regime. However, the premium to be paid by the farmers be suitably subsidized.
- AIC should expand its network in terms of district level franchise, rural agents, micro-insurance agents to provide better service to farmers, particularly non-loanee farmers.
- There is already NAIS for covering yield risks and Minimum Support Price (MSP) regime for covering price risks. In these circumstances there is no relevance for FIIS in the present form. The pilot project on FIIS, therefore, should be wound up w.e.f. Rabi 2004-05 season.
- Small experimental and innovative crop insurance products including weather insurance and insurance for horticulture and plantation crops in

collaboration with AIC and other insurance companies as “new initiative” may be taken up.

6.18 In order to target the two critical components of a farmer’s income, namely yield and price through a single policy instrument, the Department of Agriculture and Cooperation has formulated the Farm Income Insurance Scheme (FIIS). The Department informed that the Pilot Project on Farm Income Insurance Scheme (FIIS) was implemented in two crop seasons in 18 districts (i.e. Rabi 2003-04 and Kharif 2004). The farmers, area and sum insured covered are given below:-

Sl.No.	Season	No. of Farmers covered	Area Covered in ha.	Sum insured (Rs.in crores)
1	Rabi 2003-04	1,80,206	1,91,026.96	239.15
2	Kharif 2004	2,22,093	2,01,511.64	177.56



## CHAPTER – VII

### SEEDS

7.1 Seed is a critical and basic input for attaining sustained growth in agricultural production. Distribution of assured quality seed is necessary for attaining higher crop yields. Policy initiatives taken by Government of India during 1960s and 1970 for generating quality seed production and distribution of improved plant varieties developed by the scientists, is one of the reasons for our self sufficiency in foodgrains. The Indian seed industry has shown impressive growth and should continue to provide further potential for growth in agricultural production. The role of seed industry is not only to produce adequate quantity of quality seeds but also to achieve varietal diversity. Indian Seeds programme largely adheres to the limited generation system for seed multiplication. The system recognizes three generations, namely breeder, foundation and certified seed.

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

(Rs. in crore)

	2002-03	2003-04	2004-2005	2005-2006
BE	26.96	27.00	50.51	88.81
Expenditure	11.53	22.37	23.82 Prov	

7.3 The Department informed that the restructuring of National Seeds Corporation (NSC) and State Farms Corporation of India (SFCI) has been under consideration for quite some time. Both the Corporations are proposed to be referred to the Board for Reconstruction of Public Sector Enterprises shortly for consideration and recommendations. A sum of Rs.38.00 crore has been provided in BE 2005-06 for restructuring of NSC and SFCI.

7.4 During 2004-2005, Rs.4 crore had been provided as a Budgetary support to National Seeds Corporation (NSC) (Head of Development 12401). But, at RE stage the support was withdrawn. When asked to give the reasons and also to state why only a meagre amount of Rs.30 lakh has been provided during 2005-2006 to the NSC, the Ministry in a written reply clarified as follows:

*“A provision of Rs.4.00 crore was made in BE 2004-05 for making available loan to NSC for implementation of VRS/VSS. The Corporation was, however, reluctant to receive the loan @ 15.50% interest because the loan was available to it from the banks at cheaper rate. Hence, the provision of Rs.4.00 crore was withdrawn at RE stage. An amount of Rs.30.00 lakh has, however, been proposed in BE 2005-2006 for payment of loan to NSC in case the money is required by the Corporation to meet any possible eventuality”.*

**The Seeds Bill:-**

7.5 Based on the changes that have taken place in the seed sector since 1966, the existing Seeds Act, 1966 is proposed to be replaced by a suitable legislation. The revision of existing Seeds Act is proposed to (i) overcome its present deficiencies (ii) create facilitative climate for growth of seed industry, (iii) enhance seed replacement rates for various crops and (iv) boost the export of seeds and encourage import of useful germplasm (v) create conducive atmosphere for application of frontier sciences in varietal development and for enhanced investment in research and development. The draft Seeds Bill, 2004 has been approved by the Cabinet on 20 August 2004 and introduced in Rajya Sabha on 9 December, 2004. The Bill has been referred to the Standing Committee on Agriculture for Examination and Report.

## CHAPTER – VIII

### COOPERATION

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

8.2 The Cooperative sector in India has emerged as one of the largest in the world with more than 5.49 lakh societies of various types with membership of more than 22.95 million and working capital of about Rs.3,82,7496 crore as on 31 March 2003. Almost 100 per cent villages and about 75 per cent of the rural household have been covered under the cooperative fold.

8.3 Following is the Plan BE and Expenditure of 2003-04 & 2004-05 and BE for 2005-06, for the Cooperation Division:-

**(Rs.in crore)**

2003-2004		2004-2005		2005-2006	
BE	Expenditure	BE	Prov. Expenditure	Proposed outlay	BE
70.00	42.36	74.17	66.17	253.25	110.00

8.4 The Number of Cooperatives functioning at present in different States/UTs is as under: -

Sl. No.	State/UT & the area of operation.	Credit	Non- Credit	Total
1	Andhra Pradesh	8175	47744	55919
2	Arunachal Pradesh	38	90	128
3	Assam	1509	5797	7306
* 4	Bihar/ Jharkhand	7619	29025	36644
5	Gujarat	12564	44167	56731
6	Haryana	2963	10723	13686
7	Himachal Pradesh	2516	1837	4353
8	Jammu & Kashmir	5	182	187
9	Karnataka	7053	16605	23658
10	Kerala	3597	15549	19146
*11	Madhya Pradesh/ Chhatisgarh	8092	19770	27862
12	Maharashtra	41618	110543	152161
13	Meghalaya	251	720	971
14	Manipur	281	4129	4410
15	Mizoram	116	1649	1765
16	Nagaland	365	682	1047
17	Orissa	3504	3974	7478
18	Punjab	4291	13171	17462
19	Rajasthan	6103	12124	18227
20	Sikkim	1	139	140
21	Tamil Nadu	6780	19830	26610
22	Tripura	402	1197	1599
*23	Uttar Pradesh/ Uttaranchal	10212	23955	34167
24	West Bengal	10426	9320	19746
25	Andaman & Nicobar Islands	45	0	45
26	Delhi	199	4076	4275
27	Lakshadweep	0	82	82
28	Pondicherry	130	352	482
29	Chandigarh	187	208	395
30	Dadar & N.H.	35	103	138
31	Goa	438	1386	1824
32	Daman & Diu	19	39	58
	<b>Total</b>	<b>1,39,534</b>	<b>3,99,168</b>	<b>5,38,702</b>

\* Indicate figures of undivided states.

### Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM)

8.5 VAMNICOM, located at Pune is a premier Institute in the field of Cooperative Management training and has been catering to the needs of cooperatives in the country in terms of training, research, consultancy, Management education etc, for over half a century and also runs a PGDBM programme to provide young management graduates an opportunity to serve the cooperative sector. But the Institute has not been accorded a

deemed University status as yet. When enquired, the Ministry in a written reply stated as under :

*“VAMNICOM functions under the administrative control of National Council for Cooperative Training (NCCT), which is a Committee of the National Cooperative Union of India (NCUI). The proposal for granting Deemed University status to VAMNICOM, Pune has been examined earlier. The matter was taken up with the UGC through the Ministry of Human Resource Development. Since the conditionality imposed by UGC was not accepted by the NCUI, it was decided by the NCUI that VAMNICOM be developed as a Centre of Excellence within the cooperative system, instead of being converted into a University.*

*The matter of granting UGC pay scales to the faculty of VAMNICOM, Pune was taken up with the Department of Expenditure twice in the past. The Department of Expenditure did not approve the proposal as the UGC pay scales could be introduced only in Universities/Deemed Universities.”*

8.6 During study visit to VAMNICOM, Pune, the Committee also learnt that students of VAMNICOM face difficulty in their placement for want of recognition by the UGC.

During the Study Visit to the Institute in Pune the Committee observed that there is an acute need for brand building of the Institute. When asked the Department assured:

*“The Department of Agriculture & Cooperation has asked VAMNICOM, Pune to prepare a Report for positioning VAMNICOM, Pune as a Centre of Excellence in the Cooperative Sector. After receiving the Report, necessary steps would be taken by the Department for Brand Building of the Institute.”*

## CHAPTER – IX

### COMMISSION FOR AGRICULTURAL COSTS AND PRICES AND PRICE SUPPORT FOR FARMERS

9.1 The Commission for Agricultural Costs and Prices submits its recommendations on price policy for various crops included in its terms of reference. Five reports are submitted in the course of a year. These reports contain recommendations of not only producers' prices but also a number of non-price recommendations, which have a bearing on prices and growth of agricultural production, consistent with the overall need of the economy. While formulating these recommendations, the Commission takes into account a wide spectrum of data, covering the costs of cultivation, trends and spread of input use, production and productivity of the crops concerned, market prices, emerging supply-demand situation, procurement and distribution, terms of trade between agriculture and non agriculture sectors, trade policy in agriculture, and so on.

9.2 In order to provide remunerative prices to the growers of agricultural commodities, the Government of India on recommendation of the Commission on Agricultural Cost and Prices (CACP), announces the Minimum Support Price (MSP) for each crop season, i.e. Rabi and Kharif for various agricultural commodities. The Cooperation Division, through National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), implements the Price Support Scheme (PSS). When the prices of the specific commodities fall below MSP, purchases under PSS by NAFED are continued till the prices are stabilized and rise above MSP. Under PSS, losses, if any, incurred by NAFED are fully reimbursed by the Government.

9.3 Under the scheme of grant to NAFED for Market Intervention Scheme (MIS)/Price Support Scheme (PSS), Rs. 260 crore have been allocated for 2005-2006 as against Rs.171.88 crore RE for 2004-2005. When enquired as why there has been an

increased allocation of Rs.88.12 crore and what was the Governments' expectation with regard to the market price of the produce, the Ministry in a written reply stated as under:

*“The Department of Agriculture & Cooperation is implementing Price Support Scheme (PSS) for procurement of oilseeds and pulses and cotton. In addition, for cotton, beside the Cotton Corporation of India, the Department is also implementing the procurement of cotton through NAFED. Market Intervention Scheme (MIS), is also implemented for procurement of horticultural and perishable agricultural commodities through NAFED as Central agency and State designated agencies. Losses, if any, incurred under PSS are fully reimbursed to NAFED by the Government. Losses under MIS are shared between the Central and State Government to the extent of 25% of procurement cost on 50:50 basis (In case of North Eastern States 75:25).*

*The RE for 2004-2005 is Rs.171.88 crore and BE for 2005-06 has been increased to Rs.260.00 crore registering an increase of Rs.88.12 crore. Bumper production of Rabi Oilseeds – Mustard seed, Safflower seed and Rabi pulses – gram, masoor (lentil) and cotton is expected during 2005 crop season. The prices of above oilseeds and pulses and cotton are likely to rule below the Minimum Support Price (MSP) declared by the Government. NAFED anticipate to procure 10.00 lakhs MT mustard seed, 20,000 MT safflower seed, 2.15 lakh MT gram, 3.09 lakh MT cotton and 25,000 MT masoor under Price Support Scheme. Due to huge procurements, the losses are also likely to be huge. The claims of losses will be met during 2005-06”.*

9.4 During the evidence, it was enquired by the Committee why Government is importing edible oil when they are expecting the Market Prices of all Rabi Oil seeds and pulses to rule below the Minimum Support Price. The Secretary, Department of Agriculture and Cooperation clarified “that the higher MSP has been fixed to encourage the farmers to produce more oilseeds in order to fill the gap between demand and supply.”

9.5 During the evidence, the Members expressed their concern about the fixing of MSP and asked about the recommendations of various State Governments in this regard. On the manner of fixing of MSP, the Secretary, Department of Agriculture and Cooperation clarified as under:

*“The Institution, i.e. CACP which determines MSP is a Commission and it is an attached office under Ministry but an autonomous body. The Department does not have any jurisdiction, constitutional or otherwise for compelling the Commission to be ruling in one way or the other. The Commission has got its terms of reference. The parameters on which support price is determined, is also fixed C-2 cost is evaluated and costing is fixed, on that basis only support price is provided.”*

9.6 The representatives of the Department further informed

*“ A Committee under the Chairmanship of Dr. Y.K. Alagh is looking into the methodology for fixing the MSP. We are waiting that Committee’s Report before considering any serious changes in the parameters which determine the MSP of 25 major crops.”*



## CHAPTER – X

### TECHNOLOGY MISSION ON OIL SEEDS AND PULSES (TMOP)

10.1 The Technology Mission on Oilseeds was launched by the Central Government to increase the production of oilseeds, to reduce import and achieve self-sufficiency in edible oils. Subsequently, pulses, oilpalm and maize were also brought within the purview of the Mission in 1990-91, 1992 and 1995-96 respectively. In addition, the National Oilseeds and Vegetable Oils Development (NOVOD) Board is also supplementing the efforts of TMOP by opening of newer areas for non-traditional oilseeds and non-traditional areas for promotion of traditional oilseeds cultivation. It is promoting tree borne oilseeds. The following schemes have been implemented under TMOP:-

- a) Oilseeds Production Programme (OPP)
- b) National Pulses Development Project (NPDP)
- c) Accelerated Maize Development Programme (AMDP)
- d) Post Harvest Technology (PHT)
- e) Oil Palm Development Programme (OPDP)
- f) National Oilseeds and Vegetable Oils Development (NOVOD) Board
- g) UNDP Sub-Programme on Maize based Cropping System for Food Security in India (EAP)

10.2 During the Tenth Plan, these schemes have been restructured as below and are being implemented from 2004-2005 :-

- a) Integrated Scheme on Oilseeds, Pulses, Oil Palm & Maize (ISOPOM) by converging the erstwhile schemes of OPP, NPDP, AMDP & OPDP.
- b) Research & Development in Post Harvest & Processing Technology (PHT) in Oilseeds, Pulses, Oil palm and Maize including TMOP Head quarters.

- c) Integrated Development of Tree Borne Oilseeds being implemented by NOVOD Board.

10.3 Approved Outlay and Expenditure for, 2002-2003 and 2003-2004, 2004-2005, for the Technology Mission on Oilseeds and Pulses (TMOP) Division is as under:-

**(Rs. in crore)**

2002-2003		2003-2004		2004-2005		2005-2006
BE	Expenditure	BE	Expenditure	BE	Expenditure	BE
164.20	130.28	149.75	154.83	193.00	276.24	257.00

10.4 The quantum and value of the oilseeds imported from various countries during each of the last three years, year-wise are as under:

Year	Quantity (tonne)	Value (Rs.in Lakh)
2001-02	2,980	134.70
2002-03	4,429	1,148.65
2003-04	4,698	1,388.84

10.5 The Department informed that to increase the production and productivity of oilseeds in the country and to motivate the farmers to undertake oil seeds cultivation on a large scale, Government of India is implementing a Centrally Sponsored “Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize” (ISOPOM) in 14 major oilseeds growing States from Tenth Five Year Plan. Under the Scheme, assistance is provided for purchase of breeder seed, production of foundation seed, production and distribution of certified seed, distribution of seed mini kits, distribution of plant protection chemicals, plant protection equipments weedicides, supply of Rhizobium culture/phosphate solubilising bacteria, distribution of gypsum/pyrite/liming/dolomite, distribution of sprinkler sets and water carrying pipes, publicity, etc to encourage farmers to grow oilseeds on a large scale.

10.6 Government of India is announcing higher MSP for oilseeds in comparison to cereals like rice and wheat to encourage farmers to diversify cultivation from traditional crops to oilseeds.

10.7 During the evidence the representative of the Department informed that:

*“At present consumption of edible oil in the country is approximately 10 million tonne and the production is 7.5 million tonne. That is the reason for importing edible oil. There is 30 per cent import duty on oilseeds”.*

## CHAPTER – XI

### HORTICULTURE

11.1 India is bestowed with a varied agro-climate, which is highly favourable for growing a large number of horticultural crops such as fruits, vegetables including root tuber and ornamental crops, medicinal and aromatic plants, spices and plantation crops like coconut, arecanut, cashew and cocoa. Presently, horticultural crops occupy 8.5 per cent of gross cropped area of the country producing 145.78 million tonne and contribute to 29.65 per cent GDP of agriculture and 52 per cent of export earnings in agriculture. India is the second largest producer of fruits and vegetables. Total production of fruits has been estimated at 45.20 million tonne from 3.78 million hectare. Vegetables occupy an area of 6.05 million hectares with a production of 84.81 million tonne. Our share in world fruit and vegetables production is 10 per cent and 13.28 per cent, respectively. About 54.2 per cent of world's Mango and 11 per cent of world's Banana is produced in the country.

11.2 Following Schemes are being implemented by the Horticulture Division (i) National Horticulture Board including Capital investment Subsidy Scheme, (ii) Coconut Development Board including Technology Mission on Coconut, (iii) Integrated Development of Horticulture in Tribal/Hilly Areas (iv) Human Resource Development in Horticulture (v) Technology Mission on Integrated Development of Horticulture for North Eastern Region including Sikkim and Jammu and Kashmir, Himachal Pradesh and Uttaranchal.

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

(Rs. in crore)

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

11.4 It is observed that during 2004-2005, the Budget estimate was Rs.542.00 crore as against the provisional expenditure of Rs.257.82 crore, which accounts for only 47% expenditure. When enquired, in view of very low expenditure last year, how the Government propose to spend a huge amount of Rs.1,405.00 crore earmarked for 2005-2006 the Ministry replied as under:-

*“Even though the Budget Estimate during 2004-2005 has been Rs.542.00 crore this allocation was revised to Rs.300.50 crore at RE stage mainly on account of non-launching of three new Schemes. During the financial year 2005-2006, additional allocations have been made available on account of three new Schemes involving an outlay of Rs.1,130.00 crore as indicated below:*

<i>Sl.No.</i>	<i>Name of the new Schemes proposed to be implemented</i>	<i>Budget Estimate 2005-06 (Rs.in crore)</i>
<i>1</i>	<i>Micro Irrigation</i>	<i>400.00</i>
<i>2</i>	<i>National Bamboo Mission</i>	<i>100.00</i>
<i>3</i>	<i>National Horticulture Mission</i>	<i>630.00</i>

11.5 As per Background Note, there has been substantial increase in export of Horticultural produce of cashewnuts, spices, fruits, vegetables and flowers. However, productivity of a large number of horticultural crops continues to be low. The average productivity of the horticultural crops has been 8.8 tonnes/hectare during 2001-02. Production and productivity of various horticultural crops during last three years is as under :

Commodities	1999-2000			2000-01			2001-02		
	Area (Mill Ha.)	Production (Mill. Tonnes)	Productivity (T/Ha)	Area (Mill Ha.)	Production (Mill. Tonnes)	Productivity (T/Ha)	Area (Mill Ha.)	Production (Mill. Tonnes)	Productivity (T/Ha)
Fruit	3.80	45.49	12.00	3.87	43.13	11.10	4.01	43.11	10.72
Vegetables	5.99	9.08	15.20	6.25	93.84	15.00	6.15	88.62	14.41
Spices	2.51	2.91	1.20	2.50	3.02	1.20	2.31	3.00	1.30
Coconut	1.77	8.42	4.70	1.83	8.66	4.70	1.89	8.82	4.67
Cashew	0.68	0.52	0.80	0.75	0.47	0.71	0.77	0.50	0.76
Areca nut	0.31	0.32	1.00	0.28	0.33	1.20	0.31	0.38	1.23

11.6 Export of various horticulture produce along with quantum and value of export during last three years is as follows:-

Item	Qty: In MTS; Value: in Rs. Crore					
	2000-01		2001-02		2002-03	
	Qty	Value	Qty	Value	Qty	Value
Floriculture & Seeds	12299.44	190.63	6188.68	179.97	10657.65	266.83
Fruit and Vegetables	623988.4	844.1	788907.58	987.61	933654.83	1086.75
Processed Fruits & Vegetables	455756.2	1354.54	385984.3	1100.57	423924.6	1206.93
Areca nut	1483	7.28	1555	7.41	2516	16.91
Coconut		27.42		320.58		394.58
Cashew	98203	1788.8	127227	2006.4	400660	1236.57
Spices	208825	1861.02	264107.00	2086.71	246566.00	1905.08
<b>GRAND TOTAL</b>	<b>1400555</b>	<b>6073.79</b>	<b>1573969.56</b>	<b>6689.25</b>	<b>2017979.08</b>	<b>6113.65</b>

11.7 The Department informed that 0.7 per cent of fresh Fruit and Vegetables have been exported while the rest is consumed within the country. When asked about the Department's perception about the loss of Fruits and Vegetables to the tune of Rs.51,500 crore annually due to lack of storage facilities, they stated as under:

*“The Department is aware of the loss of perishable horticultural produce, which range between 8-37 per cent. With a view to minimising such losses the Department is providing assistance through the National Horticulture Board (NHB) for taking up post harvest management measures involving cold storages, refrigerated vans, cool chambers etc. The Ministry of Food Processing is also providing assistance for promoting processing of the horticultural produce”.*

11.8 The National Horticulture Board (NHB) is involved in the development of high quality horticulture farms in identified belts and make such areas vibrant with horticultural activity which in turn will act as hubs for developing commercial horticulture development of post harvest management for infrastructure, strengthen market information system and horticulture data base, assisting research and development programmes to develop products suited for specific varieties with improved methods and horticulture technology. Providing training and education to farmers and processing industry personnel for improvement of agronomic practices and new technologies are also being pursued by the Board. During 2005-06, the financial outlay provided is Rs.70.00 crore. The major Schemes of the Board are now back-ended capital investment subsidy Schemes.

#### **National Horticulture Mission**

11.9 Crop diversification has become an 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 the encouraging growth in cultivation of fruits, vegetables, flowers, spices, etc. a 'National Horticulture Mission' is being launched with the objective of doubling India's horticulture production by 2010 by focussing 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 :-

- a) Make available horticulture produce to all
- b) Increase exports
- c) Improve economic condition of farmer
- d) Sustain golden revolution.

## CHAPTER – XII

### RAINFED FARMING SYSTEMS

12.1 Food grain production in the country accrues from 142 million hectare of cultivated land. Of this, 40 per cent is irrigated and accounts for 55 per cent of production. The remainder 85 million hectare are rainfed and contribute 45 per cent to total output. Rainfed agriculture is complex, diverse and risk prone and is characterized by low levels of productivity and low input usage. The 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.

12.2 The Government of India has accorded very high priority to the holistic and sustainable development of rainfed areas through integrated watershed development approach. The key attributes of the watershed approach are conservation of rainwater and optimisation of soil and water resources in a sustainable and cost effective mode. Improved moisture management increases the productivity of seeds and fertilizer. Conservation and productivity enhancing measures are thus complementary.

#### **National Watershed Development Project for Rainfed Areas (NWDPRA) :-**

12.3 The National Watershed Development Project for Rainfed Areas (NWDPRA) was launched in 1990-91 in 25 States and 2 Union territories. The Project was continued during Ninth Five Year Plan in 28 States (including 3 newly formed States of Uttaranchal, Jharkhand and Chatttigarh) and 2 UTs and is also continued during Tenth Plan with the purpose of increasing agricultural productivity and production in rainfed areas through sustainable use of natural resources.

12.4 An area of 27.66 lakh hectare has been developed incurring an expenditure of Rs.910.80 crore during the Ninth Plan Period. The Scheme of NWDPRA has been subsumed under the Scheme of Macro-Management of Agriculture Supplementation/ Complementation of the States with effect from October 2000.



## CHAPTER – XIII

### AGRICULTURE EXTENSION AND TRAINING

13.1 The Directorate of Extension functions as a nodal agency of the Department of Agriculture & Cooperation for providing guidance, support and assistance to the States and Union territories in the matters of planning, implementation, coordination, supervision and monitoring and evaluation of programmes relating to agricultural extension, training and information communications. The roles and functions of agricultural extension are to promote agriculture development through effective extension services. This is provided to the farmers through State extension agencies that provide information and training support on a continuous basis for dissemination of improved production technologies.

13.2 Approved Plan outlay and expenditure during Ninth Plan and two years of Tenth Plan are as under:

(Rs. in crore)

Year	Approved Outlay	Expenditure
Ninth Plan	180.98	123.54
2002-2003	86.27	45.17
2003-2004	118.55	57.88
2004-2005	187.45	85.76 (Prov)
2005-2006	148.10	

#### Innovations in Technology Dissemination (ITD) Component of National Agriculture Technology Project (NATP)

13.3 The ITD component of NATP was started in 1998 with a view to pilot testing reforms in agriculture extension with the support of the World Bank. The project is currently operational in 28 districts-four districts each of seven States namely – Andhra Pradesh, Bihar, Himachal Pradesh, Jharkhand, Maharashtra, Orissa and Punjab. The

project focuses on restructuring public extension services and testing new institutional arrangements for technology transfer.

13.4 A decentralized set-up namely, Agriculture Technology Management Agency (ATMA) has been set-up as a registered society in each of the 28 project districts of seven States. Funds are placed at the disposal of ATMA, which decides on specific activities to be undertaken with the resources made available at its disposal. The Governing Board and the Management Committee of ATMA include representatives of farmers/line departments/research system.

#### **Mass Media Support to Agriculture Extension**

13.5 This Scheme utilizes existing infrastructure of Doordarshan and All India Radio and IGNOU to provide information to the farming community. The Scheme was launched on 21 January 2004. It has three main components:-

- a) Use of FM Transmitters of All India Radio- FM Kissan Vani Station
- b) Use of Doordarshan infrastructure for Narrowcasting Regional and National Programmes
- c) Capacity Building

13.6 MANAGE, Hyderabad has undertaken a programme of capacity building for Mass Media Support activities. They organize training programmes and interactive sessions for the Government functionaries, All India Radio and Doordarshan officials, etc. to equip them better for handling and implementing Mass Media activities in Agriculture Extension.

13.7 During 2004-05, as against the Budget allocation of Rs.68.37 crore an amount of Rs.15.76 crore has been released till December 2004.

#### **Agricultural Extension through NGOs/FOS**

13.8 As per the Annual Report of the Department, a total of fifty NGOs have been selected to provide extension support to farmers. Each selected NGO is provided a maximum of Rs.5 lakh as grant-in-aid for providing specified extension support. As

against the Budget allocation of Rs.201 lakh during 2004-2005, an amount of Rs.85 lakh has been released till December 2004.

13.9 Similarly, 18 Farmers' Organisations have been selected to provide extension support to farmers. A maximum Rs.4 lakh is provided to each Farmer's Organisation for the purpose. As against the Budget allocation of Rs.64 lakh during 2004-05 an amount of Rs.28 lakh has been released till December 2004.

13.10 A Central Sector Scheme "**Establishment of Agriculture-Clinics and Agri Business Centres by Agriculture Graduates**" is being implemented since 2002-2003. It is aimed at increasing self-employment opportunities for eligible agriculture graduates as well as to support agriculture development through economically viable ventures. The Scheme is being jointly implemented by SFAC, MANAGE and NABARD in association with about 67 reputed training institutes in the country 6,253 agricultural graduates have been trained till January 2005. Of the 1283 ventures established, 10% (approx) of these trained candidates have availed bank loans. The Scheme is being monitored regularly so that bank credit to trained graduates is increased substantially.

### **MANAGE**

13.11 The National Institute of Agricultural Extension Management (MANAGE) is providing training support to senior and middle level functionaries of the State Governments. It is also providing HRD support to ITD component of NATP. During 2004-05, 74 training courses with 1,850 participants have been planned, of which 37 training courses have been organized till December 2004 with 1,179 participants. As against the budget allocation of Rs.500 lakh an amount of Rs.25 lakh have been released till December 2004.

13.12 The following self-financing educational training courses are being continued/proposed during the year 2004-05 at MANAGE :

- a) Two- year Post Graduate Programme in Agri-Business Management.
  
- b) One-year Post-Graduate Diploma in Agri-Warehousing and Cool Chain Management (AWACCM).
  
- c) One-year Distance Education Diploma in Agricultural Extension Services for Input Dealers.

## CHAPTER –XIV

### NATURAL RESOURCES MANAGEMENT

14.1 Out of the geographical area of 3,290 lakh hectare of the country, an estimated area of 1,730 lakh hectare suffers from degradation due to water and wind erosion and other problems like alkalinity, salinization, water logging and shifting cultivation practices, etc. Diversion of prime agricultural lands for various development activities such as roads, industries, mining, etc. have affected the land availability for agriculture. Therefore, Soil and Water Conservation Programmes assume special importance and play a vital role in increasing production, reducing land degradation and maintaining ecological balance.

14.2 Natural Resources Management (NRM) Division is implementing various schemes to achieve the following aims and objectives:

Land Resources Management for sustainable agriculture

- Prevention of run-off from the catchments of RVP and moderation of flood hazards and reduction of siltation in reservoirs.
- Improving land productivity of salt affected soils, waterlogged areas and ravinous areas.
- Rehabilitation of shifting cultivators in north eastern region for restoration of ecology and checking land degradation.
- Creation of employment opportunities and improvement of socio-economic conditions of the rural community.
- Development of required human resource through training programmes on soil & water conservation measures.

14.3 The Scheme of ‘Soil Conservation for Enhancing Productivity of the Degraded Lands in the Catchment of River Valley Project and Flood Prone River’ aims to prevent

land degradation with soil and watershed conservation approaches in catchment areas. The total area to be covered under the Scheme is estimated to be 310 lakh hectare. The Scheme was launched in the year 1961-62. An area of 59.45 lakh hectare has been treated under the Scheme so far including 1.38 lakh hectare during 2004-05.

14.4 The programme of 'Watershed Development Project in Shifting Cultivation Areas' aims to discourage jhum cultivation and protect hill slopes of North Eastern States through soil and watershed conservations. The total area to be treated under the Scheme is estimated to be 22.68 lakh hectare. The Scheme was launched in the year 1994-95. An area of 3.18 lakh hectare has been treated under the Scheme so far including 0.20 lakh hectare during 2004-2005.

14.5 The Scheme 'Reclamation of Alkali Soils' aims at improving productivity status of alkali soils for optimum crop yield. The total area to be treated under the Scheme is estimated to be 35.8 lakh hectares. The Scheme was launched in the year 1985-86. An area of 6.29 lakh hectare has been treated under the Scheme so far including 0.05 lakh hectare during 2004-2005.

## CHAPTER XV

### INTEGRATED NUTRIENTS MANAGEMENT

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

15.2 The following are the allocation and expenditure under the Integrated Nutrient Management sector:-

**(Rs. in crore)**

2002-2003		2003-2004		2004-05		2005-06
BE	Expenditure	BE	Expenditure	BE	Expenditure	BE
6.05	2.25	9.00	3.70	36.73	7.92	29.50

15.3 Under the division of Manures and Fertilizers RE for 2004-2005 is Rs.8.30 crore as against the BE of Rs.36.73 crore and BE for 2005-2006 is 29.50 crore. Stating the reasons for drastic cut at RE stage for 2004-2005, the Department in a written reply stated:

*“The reduction at RE stage for 2004-2005 was mainly due to (i) reduction of total outlay of the Scheme National Project on Promotion of Organic Farming’ from Rs.99.58 crore to Rs.57.05 crore for the Tenth Plan period, (ii) the Scheme has*

*been approved on pilot basis and(iii) approval of the new scheme for implementation w.e.f. October, 2004.*

*Further after the approval of the Scheme, a lot of exercise has to be done regarding formulation and issue of guidelines, instructions, and circulars to the State Governments and other stakeholders etc. for the implementation of the new scheme. As such RE was reduced in the first year to Rs.8.30 crore for INM Division for remaining period of the financial year i.e. 2004-2005”.*

**National Project on Organic Farming:**

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

15.5 The Department informed that the Central Sector Scheme – ‘National Project on Organic Farming’ was approved in August 2004 with an outlay of Rs.57.05 crore for production, promotion, certification and market development of organic farming in the country for the remaining period of Tenth Five Year Plan. Initially the outlay for the Scheme was Rs.99.58 crore. However, as the Scheme could be approved in August 2004 only, it was reduced to Rs.57.05 crore. The main activities under the scheme are:-

- (1) Putting in place a system of certification of organic produce.
- (2) Capacity building through service providers.



- (3) Financial support for commercial production units for production of organic inputs like:-
  - a) Fruits and Vegetable waste compost;
  - b) Bio- Fertilizer production; and
  - c) Hatcheries for vermiculture
- (4) Promotion and extension of Organic Farming.

A financial allocation of Rs. 27.00 crore has been kept for implementation of the Scheme during 2005-2006.

## CHAPTER XVI

### NATURAL DISASTER MANAGEMENT

16.1 The present Plan Scheme, “Drought Management” was earlier a part of Natural Disaster Management Programme (NDMP) under implementation since the Eighth Five Year Plan (1992-93). With the transfer of work relating to natural calamities other than drought to the Ministry of Home Affairs, the “drought segment” was removed from it and given the status of a separate Scheme. The broad objectives of the Scheme are to focus towards drought mitigation preparedness, prevention, restoration, rehabilitation and enhance level of the community preparedness in order to reduce its adverse impact on people at large particularly the farming community.

16.2 The recent natural disaster caused by Tsunami waves had a devastating effect on the lives of farmers and fishermen of Andaman and Nicobar Islands, Tamil Nadu, Pondicherry and other affected areas of the country. Besides the irreparable loss of lives the agricultural land is likely to remain infertile/uncultivable for the next 5-6 years due to saline water which had inundated the agricultural land. When asked as to what steps are proposed to be taken to cure infertility of the land the Ministry replied:

*“Based on the soil testing and location specific requirements following measures may be taken to restore the fertility of land affected due to Tsunami:-*

- (i) Scrapping and removal of deposited silt;*
- (ii) Scrapping of salt from soil surface;*
- (iii) Leaching of salts with good quality of water/rainwater;*
- (iv) Use of gypsum;*
- (v) Improvement of drainage;*
- (vi) Application of organic matters such as compost and green manure; etc”*

16.2 The Department further informed :

*“The Indian Council of Agricultural Research (ICAR) and State Agriculture Universities (SAUs) have developed salt tolerant varieties of different crops such as CSR 7, CSR 13, MTU 1010, MTU 1001, SR 26B, CST 7-1, Lunishree Co 43, ADT 43, ADT 36 etc. of Paddy; Vivek Hybrid 9 of maize; Co 12, Co 13, TRY 1 of Ragi; KM 2, Vaman of greengram; etc for salt affected soils.”*

16.4 The following are the details of the State-wise compensations sanctioned to the affected families:-

States/Uts	Total Package (Rs.in crore)	Amount for Agriculture (Rs.in crore)
Andhra Pradesh	70.00	0.06
Kerala	249.36	1.56
Tamil Nadu	2347.19	27.00
A& N Islands	821.88	239.54*
Pondicherry	155.62	0.20

\* Short term measures for rehabilitation of agriculture.

16.5 When enquired about the steps taken to prevent such disaster in future the Department stated as under:-

*“Ministry of Home Affairs is responsible for Management of all natural disasters other than Droughts. According to the information available from that Ministry, Department of Ocean Development has been assigned the Task of putting in place an Early Warning System for Tsunami. It is likely that the system will be functional in the next two years.”*

16.6 Many farmers have committed suicide due to drought situation prevailing in the various parts of the country *“Most cases of suicides by farmers have been reported from Andhra Pradesh, Karnataka, Maharashtra and Kerala. Some State Governments notably, Andhra Pradesh, Karnataka and Maharashtra have taken steps to tackle the situation by announcing special packages and providing financial assistance to the families of the deceased farmers.”*

16.7 Informing about the Central Assistance to the drought affected States the Department stated as under:

*“The Central Government has assisted the Andhra Pradesh Government to tide over the drought situation prevailing in some parts of the State. In the last three years namely, 2002-03, 2003-04 and 2004-05, the assistance released to the State Government is as follows:*

<i>Drought year</i>	<i>Financial Assistance from National Calamity Contingency Fund (Rs.in crore)</i>	<i>Foodgrains (in lakh MTs)</i>
<i>2002-03</i>	<i>Rs.123.51</i>	<i>17.20</i>
<i>2003-04</i>	<i>Rs.50.58</i>	<i>7.82</i>
<i>2004-05</i>	<i>Rs.163.60*</i>	<i>2.20</i>

*\* Subject to adjustment of balance in State’s Calamity Relief Fund (CRF)”*

*A Central Multi-Disciplinary Team visited Kerala in August 2004 to assess the agriculture situation in the State and recommend steps for its revival. After considering its recommendations, the Government of India has decided to release assistance to State Government as under:-*

- Rs.106.00 crore from National Calamity Contingency Fund (NCCF).*
- Debt restructuring guidelines for perennial horticulture and plantation crops would be finalized in consultation with RBI and NABARD for restructuring/rescheduling of loans over a period of 6 to 9 years including a moratorium period of 3 years and waiver of interest accrued during the moratorium period. Banks would also be advised to consider reviewing the rate of interest on agriculture loans to bring it down further.*
- Examination and processing of the project submitted by the Government of Kerala for rehabilitation of coconut plantations in the State would be expedited.*
- A sum of Rs.30 crore would be made available to the State in three equal annual instalments under the scheme of Macro-management of Agriculture for undertaking the rehabilitation of cashew and pepper plantations. A sum of Rs.10 crore has since been released.”*

## PART – II

### RECOMMENDATION NO.1

#### Budgetary Allocation

The Committee note that the Tenth Five Year Plan target is to achieve an average annual growth rate of 4% in agricultural output and to achieve a production of 230 million tonne of food grains by 2006-2007. During the Ninth Plan, agricultural and allied sector registered an average annual growth rate of about 2.1 per cent and advance estimates for 2004-2005 projects to achieve Agricultural growth rate of 1.1 per cent only. During 2004-2005, the country could produce about 206.4 million tonne of food grains which projects the need to increase the production at least by 24 million tonne. In order to meet these ambitious targets, the Committee were informed that the Department of Agriculture and Cooperation had placed a demand of Rs.9,997.34 crore during 2005-2006. However, only an amount of Rs.4,589.83 crore (both Plan and Non-Plan) has been made available to them by the Planning Commission and the Ministry of Finance, which is around 45.91 per cent of the demand.

The Committee note that the percentage share of Department of Agriculture and Cooperation vis-à-vis Central Plan Outlay of Government of India during 2005-2006 is 1.98 per cent which is a little more as compared to 1.62 per cent for the last year, but pales into insignificance considering the fact that the agriculture contributes, by the admission of the Department one quarter of india's total GDP, its real contribution in the economic well being of the country goes much beyond – being his support and livelihood base for more than 650 million country men. While the Committee are conscious of the fact that Agriculture is a State subject, the Union Government must perform the role of a true catalyst so as to induce public and private investment in agriculture by taking

suitable fiscal measures. The Committee would like to be apprised of such measure in due course.

On the contrary, the Committee find that the Department of Agriculture and Cooperation could never utilize the entire amounts allocated to it. During the evidence the Secretary, Department of Agriculture and Cooperation admitted that the Planning Commission and Finance Ministry has assured that if allocated money is fully spent, proposal for further increase in the outlays will be positively considered. It is therefore, incumbent upon the Department to first utilize the allocated funds so as to make strong case for enhanced outlays.

The Committee wish to emphasize that the development of agriculture is essential not only for providing food to increasing population of the country but also to ensure and improve the livelihood of the rural population. Therefore, this sector needs to be given high priority in all planned strategies of the Government. The Committee, therefore, strongly recommend that the Planning Commission and the Ministry of Finance should review the allocation of funds to this Sector and make enhanced allocations keeping in view its importance and growth targets set by the Government. The policies and programmes aimed at improving agricultural production and productivity should not suffer due to resource crunch.

RECOMMENDATION NO.2

*Delay in implementation of Tenth Plan Schemes*

The Committee are distressed to find that out of 10 new Schemes scheduled to be started in the Tenth Plan, only 3 Schemes are being implemented while 7 Schemes are still in the process of being approved. The Committee were informed during the evidence that operationalization of New Schemes involves preparation of Detailed Project Report and getting 'in principle' approval from Planning Commission and other competent authorities. The whole procedure is very complicated and extremely time-consuming.

The Committee are deeply concerned that many important Schemes proposed to be launched at the start of the Tenth Plan have still not taken off though the Tenth Plan has ushered in the fourth year. The Committee, therefore, feel that the present system of obtaining approval, clearance from Expenditure Finance Committee, Cabinet Committee for Economic Affairs, etc. leads to inordinate delays in the implementation of Schemes. The Committee note that in many cases intention of launching a new Scheme is announced in one Budget, implementation is announced in the subsequent year but the Schemes keep on pending for want of 'in principle' approval of the Planning Commission for years altogether and in some cases the Schemes even if implemented, are either fine tuned or retailored drastically or eventually dropped. Such inordinate delays in obtaining 'in principle' approval to Schemes which are announced in Parliament with great fanfare appear at best mock-exercises.

The Committee, therefore, recommend that the whole procedure prescribed for according Post-Budget approval needs a sea change and it should be deemed that once a

Scheme is announced in Parliament, whether in Presidential Address or in the Budget Speech of the Finance Minister it has the approval of the Government. The Committee see no reason as to why the Government should rush to announce in the Parliament launching of new Schemes before doing the necessary spade work, viz following departmental formalities and preparing the detailed modalities of the Scheme.



RECOMMENDATION NO.3

*Amount spent by North Eastern States*

The Committee note that Rs.418 crore, representing 10 per cent of the total Plan Outlay of the Departments have been allocated for implementation of Plan Schemes in North-Eastern States during 2005-2006. While examining the detailed Demands for Grants of the Ministry, the Committee find that though the allocation is invariably reflected in the Demands for Grants, but there is no mention of actual expenditure on specific Schemes. Though 10 per cent funds are allocated for the North-Eastern States in accordance with the directions of the Government, the Committee have been furnished no information as regards the Schemes implemented in these States out of such funds. The Committee, therefore, recommend the Government to evolve some mechanism like adding an annexure in the Detailed Demands for Grants book reflecting the actual expenditure incurred on implementation of each Scheme in North-Eastern States, State-wise, so that the Parliament is satisfied as to bona fide use of such special allocations.

#### RECOMMENDATION NO.4

##### *Subsidies in Agriculture*

The Committee note that the subsidy in the Agriculture Sector in India constitutes less than 2 per cent of the Gross Domestic Product (GDP). The Committee are informed that Input Subsidies, estimated at about Rs.36,000 crore are given to Agriculture Sector under three segments viz Fertilizer, Water and Electricity. The Committee, however, note that 54 per cent of Fertilizer subsidy is actually going to industry and as regards 'water' and 'electricity', the subsidy is given by the State Governments. Moreover, in many States, there is tremendous shortage of water and electricity, which in turn has been adversely affecting our agriculture.

Referring to the view of the World Bank, the representatives of the Department deposed that the high rates of subsidy being provided to agriculture in India is crowding out the investments. The witness further testified that India is subsidizing input as well as output, but when asked by the Committee to explain the difference between the two figures, the witness assured to supply the figures after working out the same. In the considered view of the Committee, the concept of notional subsidy makes no sense unless the loss caused to the farmers is quantified and compensated since we do not have access to the kind of referral market that the WTO alludes to.

The Committee are aware of the heavy subsidies being given by the developed countries to its agriculture. The Committee, therefore, desire the Government to find out a way to convert this negative agricultural subsidy into positive subsidy so as to provide level playing field to our farmers in the new WTO regime so that they could somewhat compete with the farmers of other developing and developed countries. The Committee also call upon the Government to ensure that real benefit of the subsidies must percolate down to the small and marginal farmers, investment flows to agriculture and agriculture becomes a paying proposition.



RECOMMENDATION NO.5*Export of Agriculture Produce*

The Committee are constrained to note that the percentage of Agri-Exports as per cent of total exports has come down to 9.7 per cent in 2004-2005 as compared to 11.2 per cent in 2003-2004.

The Committee are unhappy to note that adequate incentives are not being given to the farmers for increasing export of their produce. Countries like Europe, United States, Japan, etc. are giving export subsidies to the farmers in their country. Besides, there are some restrictions on export of several agriculture commodities which have deprived the farmers in getting good price for their produce. The Committee desire the Government to review the restrictions on export of agricultural commodities including food grains to keep a balance between the interest of consumers and the farmers. The Committee also recommend that the Government should give adequate incentives to farmers including strong infrastructural and other necessary support for exploring the agriculture commodities for export and also to give publicity to the same in order to encourage and help the farmers to fetch good price for their produce.

RECOMMENDATION NO.6*Import of Edible oil*

The Committee are surprised to note that the import of edible oils is the most dominant item of agri-imports, accounting for more than two-third of the total agri-imports in recent years registering a sharp increase of nearly 40 per cent in 2003-2004. The Committee are informed that at present the consumption of oil in the country is 10 million tonne and the production is 7.5 million tonne, necessitating import of edible oil.

The Committee are, however, perturbed to find the contradiction in the statement of the representatives of Department who deposed that edible oil is being imported and that the market price of oil seeds are likely to rule below the Minimum Support Price.

The Committee are perplexed to note the anomalous situation arising out of the import of edible oils by the Government while depriving remunerative prices to the farmers producing oilseeds. The Committee further note that the imbalance between the import of edible oils and production of oilseeds has become a perennial problem for our farmers due to the dilemma whether to grow or not to grow the oilseeds as they are apprehensive about getting remunerative prices. The Committee, therefore, recommend that a long term policy on import of oilseeds/edible oil should be chalked out with a view to maintaining equilibrium between demand and supply of edible oils as far as possible so that the interest of farmers, particularly small and marginal farmers engaged in production of oil seeds, is well protected.

RECOMMENDATION NO.7Marketing Reforms

The Committee observe that the main problem which the farmers face is related to the marketing of their produce. Most of the States have 'Agricultural Marketing Act' which forces the individual farmers to sell their produce only to designated agencies and do not allow them to sell in the open market. The Committee note that the State Governments of Madhya Pradesh, Maharashtra, Karnataka, Punjab and Uttar Pradesh have amended their Agricultural Produce Marketing Committee (APMC) Act/Rules for direct marketing and/or for permitting private and cooperative investments for setting up of agricultural markets. The Committee were informed by the Secretary, Department of Agriculture and Cooperation that none of the State Ministers of Agriculture opposed this move and they would amend the Act. However, this being a legislative procedure, it shall take some time.

The Committee feel that the marketing in Indian Agriculture is something which has been neglected all this while. The representatives of the Department conceded the need for easing the State monopoly over agricultural markets. For want of proper infrastructure, right kind of processing and grading facilities and backward and forward linkages, the Indian farming community is not able to reach the consumers. The Committee, therefore, recommend the Government to address the infrastructural inadequacies of marketing support for farmers and develop the forward linkages that are necessary for the farmers to get the remunerative price of their produce. The Committee further desire the Union Government to ensure that the State Governments expedite amendments in their respective APMC Act so as to form an efficient and well-knit agricultural marketing system.

The Committee look forward to the introduction of a new Scheme namely, 'Development/Strengthening of Agricultural Marketing Infrastructure, Grading and

Standardisation' announced in the Budget Proposals for 2005-2006 by the Government so as to induce large investments from the private and cooperative sectors for setting up agri-markets, marketing infrastructure, support services, etc.

RECOMMENDATION NO.8*Price Support for farmers*

The Committee note that in order to provide remunerative prices to farmers, the Government of India, on the recommendation of the Commission on Agricultural Cost and Prices (CACP), which is an autonomous body, announces the Minimum Support Price (MSP) for each crop season for 25 major agricultural commodities.

The Committee observe that MSP, which is instrumental in deciding the fate of the crops and the growers, is not being fixed keeping in view the real production cost and labour involved of the farmers. The Committee recommend that the Government should ensure that the MSP is fixed slightly higher than the cost price recommended by the State Governments which in turn is based on the actual experience of agriculturists as well as the considered views of universities and experts so that the farming community, which gives employment to 60 per cent of the people of this country gets a fair deal.

The Committee also recommend that adequate representation should be given in the CACP to the representative of farmers in order to have first hand information about the cost of production of the Agriculture produce while fixing the MSP.

The Committee further desire the Government to expedite the Report of Alagh Committee looking into the methodology, criteria, and changes in parameters which determine MSP so that the farmers could be really benefited through the remunerative support prices of their produce. The Committee further recommend that more agricultural commodities, particularly those recommended by the State Governments, should be brought within the fold of MSP. The Committee also desire that the procurement centers should start functioning by the time crop is ready.



RECOMMENDATION NO.9*Agricultural Credit*

The Committee note with some satisfaction that for improving the credit flow to the Farm Sector, the Finance Minister has set a target of Rs.1,41,050 crore for 2005-2006 which shows an increase of 30 per cent over the last year. The representatives of the Department assured the Committee of the endeavour of the Government to cover all the farmers within the Institutional Credit fold within the shortest possible time. The Committee, however, note that since most of the small and marginal farmers are already indebted to cooperatives or other banks and they are not eligible for the credit, the enhanced flow of credit would make little impact on them. The Committee are unable to understand as to who would be the loanees to receive the credit, when old loans are not paid and the farmers are not eligible to receive new loans. The Committee, therefore, desire the Government to review the situation and consider waiving of interest on the old loans of the farmers who are declared to be distressed due to drought, flood or otherwise, so that such farmers could particularly avail of the new loans.

The Committee are perturbed to note that 20 Public Sector Banks and 27 Private Sector Banks have not been able to reach the mandatory agricultural lending target of 18% of the net bank credit. The Committee desire the Government to take stringent action against all such banks for neglecting this important sector while they are giving loans to industries in spite of poor recovery rate from them.

The Committee are deeply concerned over the reported coercive recovery measures adopted against the 'defaulting' farmers in many parts of the country. They, therefore, recommend that no Central/State Government should be allowed to use any coercive recovery measures like taking the land, machinery, livestock, etc. from the

farmers because these are the only sources on which not only the farmer but his entire family survives. How does a farmer live or how can we prevent a farmer from committing suicide if the very source of his sustenance is taken away. The Committee would like to remind the Government that even in pre independence era there were Debt Reconciliation Boards which prevented the money lenders from committing atrocities on the farmers, and therefore, expect the democratic government of the people to safeguard the life and dignity of the farmers from the coercive strong arm tactics of the money lenders.

RECOMMENDATION NO.10

*Rate of Interest on Agricultural Credit*

The Committee are unhappy to notice that most of the Cooperative Banks in the country are in a shambles. As reported, six States/ Central Cooperative Banks and 140 District Central Cooperative Banks do not comply with Section 11 of the Banking Regulation Act, 1949. They also have difficulty in accessing refinance for agricultural credit.

During the evidence, Chairman , NABARD admitted that Cooperative Banks are charging 14-15 per cent of interest from the farmers as these banks are taking a slice at each level. The Committee desire the Government to look into the matter and ask NABARD to refinance the Cooperative Banks at lower rate of interest because the cooperatives have a pivotal role to play in credit delivery to the farmers. The Cooperative Banks should also be instructed to reduce their share at each level so as to provide loans to farmers at reasonable rate of interest.

The Committee observe that the share of Regional Rural Banks (RRBs) in institutional credit to Agriculture has been as low as 11 per cent in 2004-2005 and 9 per cent in 2003-2004, whereas RRBs are supposed to cater to the credit needs of farmers, in their vicinity. The Committee, therefore, recommend the Government to streamline their structure and instruct them to increase the flow of rural credit so as to fulfil their rural mandate.

The Committee note that the extant ceiling of Rs.50,000 for Agricultural loans at the rate of not more than 9 per cent interest to the farmers is just inadequate. Considering the cost of agricultural implements, machinery and the need for modernization of agricultural practices, the Committee strongly recommend that the ceiling of Rs.50,000

must be reviewed and enhanced upto Rs. 5 lakh suitably to meet the growing needs of the farmers.

RECOMMENDATION NO.11*Agriculture Extension*

The Committee find that Agriculture Extension has scarcely made any significant impact on our agriculture, since not more than 25 per cent of Agriculture technology is reaching the farmers. Though increased Mass Media Support to Agriculture Extension is being provided, the Committee feel that there is still a need for revamping the extension machinery to make it more farmer-oriented and accessible to them. The village- level workers and community block based extension system should be revitalised and strengthened and made more responsive to the changing needs of the times. Village Panchayats/Farmers' organizations should be made to play a critical role in the effective transfer of agricultural technology. The Committee recommend the Department to disseminate the outcome of various successful researches made by ICAR and other agencies to the farmers and encourage them to properly utilise the same. Otherwise the fruits of long years spent in research for the benefit of the farmer are likely to remain confined to the laboratories.

The Committee further recommend that necessary changes should be carried out by encouraging the Research Education and Extension Agencies to interact with the farmers to know their needs and problems and come out with demand driven solutions.

RECOMMENDATION NO.12*Financial Support to National Seeds Corporation*

The Committee are surprised to note that during 2004-05, Rs.4 crore provided as Budgetary Support for National Seeds Corporation (NSC), (Head of Development 12401) had been withdrawn at RE stage and now only Rs.30 lakh have been allocated for 2005-2006. The Committee are informed that since NSC was reluctant to receive this amount as a loan @ 15.5 per cent interest for implementation of VRS/VSS, the support was withdrawn at RE stage, hence, the less provision this time.

The Department need to explain as to why should NSC or any other agency take the loan from the Government at an exorbitant interest rate of 15.5 per cent when it is available at a much cheaper rate from the banks. The Committee, therefore, desire the Government to either reduce the rate of interest if it really intend to provide support to NSC or stop juggling with the budgetary allocations.

RECOMMENDATION NO.13*Organic Farming*

The Committee are constrained to note that the approved outlay for Tenth Plan under the Scheme of 'National Project on Organic Farming' has been reduced from Rs.99.58 crore to Rs.57.05 crore, due to the late approval of the Scheme. An amount of Rs.27 crore has been now kept for implementation of the Scheme during 2005-2006.

The Committee are of the view that Organic Farming is very vital for the present agrarian economy as there are special benefits and there is tremendous scope for developing Organic Farming from the viewpoint of providing healthy farm produced food without traces of chemical/fertilisers and enhancing the scope of export of organic produce. The Committee, therefore, desire that since the Scheme has now been approved and started, the Department of Agriculture and Cooperation should make concerted efforts in realizing the full potential of the Scheme, and for the purpose they should try to get enhanced allocations for the same. The need of the hour is to popularise the use of Bio-fertilisers and Organic Farming to achieve sustainable development and also to tap overseas market of organic farm produces which is growing rapidly in the developed countries.

RECOMMENDATION NO.14*Tsunami Affected Farmers*

The Committee express their deep concern over extensive devastation caused by the Tsunami waves in Andaman and Nicobar Islands, Tamil Nadu, Pondicherry and other affected areas of the country. The Committee observe that besides the irreparable loss of lives, the agricultural land is likely to remain infertile/uncultivable for the next 5-6 years due to saline water which had inundated the agricultural land.

The Committee are of the view that particular attention should be paid to the affected areas and farmers in Andaman and Nicobar Islands because they need special protection being in distress and far away from the mainland. Immediate measures should be taken to restore the fertility of land in the entire coastal areas affected by the devastating waves including construction of homes. The Committee further desire that the extension machinery should make concerted efforts to popularise salt tolerant varieties of different crops developed by the Indian Council of Agricultural Research (ICAR) and State Agriculture Universities among the farmers in the region and help them in growing the produce with all the required technical know how.

The Committee further desire that all preventive measures, including early warning system, should be installed to prevent such disaster in future.



RECOMMENDATION NO.15VAMNICOM

The Committee are concerned to note that the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune a premier Institute in the field of Cooperative Management Training has not been accorded the Deemed University status. The students who pass the PGDBM programme from the Institute suffer, for want of recognition by the UGC. Moreover, the teaching faculty has been deprived of the pay scales which are due to them.

The Committee observe that since VAMNICOM is the only Centre for excellence in the field of Cooperative Management Training, the matter of according Deemed University status to the Institute should be reviewed expeditiously. The Pay Scales of the faculty of the Institute should also be revised to avoid exodus of highly talented and experienced faculty members. The Committee further recommend that immediate necessary steps need to be taken by the Department for Brand Building of the Institute so that the students, otherwise well-qualified and well-trained by the Institute, get good placement commensurate with their real calibre. The Committee also desire that renowned Institutions like VAMNICOM must get a suitable mention in the Annual Report and other documents brought out by the Department.

RECOMMENDATION NO.16*Road Map for Agricultural Diversification*

The Committee note that no significant headway has been made in diversification of our agriculture despite efforts by the Union and the State Governments. A lot, therefore, needs to be done for rejuvenating the agriculture sector which is the support base of more than 650 million people. The areas like production of fruits, vegetables, flowers, dairy, poultry, fisheries, pulses, oilseeds, etc. need to be explored and dovetailed in a marketing network for the mutual benefit of the producers and the consumers culminating in acceleration of national growth. The Committee take note of the intention of the Government to prepare a road map for agricultural diversification which is possible only if an integrated approach is taken and coordinated efforts are made, by various Departments of the Government mandated to function in these areas. The Committee, therefore, feel that the Government should consider to set up an Expert Group or Task Force to prepare a road map within a fixed time frame for diversification of our agriculture.

RECOMMENDATION NO.17*Revitalisation of Cooperatives*

The Cooperatives in India, conceived to play an important role in shaping our agricultural and rural economy, have emerged as one of the largest in the world with about five and-a-half lakh societies of various types with membership of about 23 million. The Committee note with concern that despite almost all the villages being under the cooperative fold, most of the cooperatives have become non-viable. The three-tier system, envisioned for the benefit of the farmers, is in fact, causing hinderance in the efficient functioning of the cooperatives now. The representative of the Department conceded in her testimony that each tier is getting its own slice, insofar as it concerns charging of interest from the farmers. Considering the wide array of functions enjoined upon the cooperatives namely, disbursement of credit, agricultural inputs, processing, marketing of farm produce, etc., the Committee are of the considered view that the management of cooperatives needs to be strengthened and, therefore, all possible efforts should be made for the revival of sick Cooperatives. The Committee also feel that though in order to provide greater financial autonomy to the cooperatives, the Multi-State Cooperatives Act has been enacted, yet a lot more needs to be done to remove structural weaknesses and regional imbalances in the Cooperatives. The Committee would like to be apprised of the efforts made to revitalise the Cooperatives so that the farmers get the much required support and strength for their sustained development and prosperity.

RECOMMENDATION NO.18*Post Harvest and Processing Technology on Oilseeds, Pulses, Oil Palm and Maize*

The Committee note that under the Scheme of 'Research and Development for Post Harvest and Processing Technology on Oilseeds, Pulses, Oil Palm and Maize', no funds have been allocated during 2005-2006 though the Revised Estimate for 2004-2005 was Rs.17.75 crore. The Committee have been informed about the decision to weed out the Scheme by the Planning Commission. The Committee hardly wish to emphasize the importance of crops like Oilseeds, Pulses and Maize as the units based upon Post Harvest and Processing Technologies of these crops provide ample employment opportunities besides remunerative prices to our farmers. The Committee would like to be apprised of the assessment of the Scheme made by the Expenditure Finance Committee and the considered views of the Department.

The Committee recommend the Government to continue this important Scheme and allocate the funds at Revised Estimates stage so that the research work being done under the Scheme does not suffer due to resource crunch, particularly when the country has to resort to import of edible oils

RECOMMENDATION NO.19CROP INSURANCE

The Committee are constrained to note that 'National Agricultural Insurance Scheme being implemented through Agriculture Insurance Company of India Ltd. (AIC) is not giving the satisfactory results. During the various study visits the Committee were informed that the settlement of claims is not being made in time and due to undue delay in certain cases, the farmers even committed suicide due to frustration for want of funds at their disposal. The Committee, therefore, desire the Government to ensure the speedy settlement of claims before the next sowing season so that farmer has adequate money in hand to produce another crop.

The Committee have also experienced that at the time of failure of crops due to some natural calamities like drought, etc. some farmers are deprived of the claims on the pretext that their area was normal. The Committee feel that the unit of area being taken presently into consideration in assessing the damage is not adequate. Therefore, they recommend the Government to reduce the area unit upto village level so that affected farmers are judiciously compensated in the event of crop failures and the purpose of crop insurance is justified.

The Committee also recommend that NAIS should be made easy for the farmers to understand and the implementation of the Scheme should be made smooth so that more and more farmers may come under the purview of the Scheme and be benefited therefrom.

NEW DELHI  
9 April, 2005  
19 Chaitra, 1927 (Saka)

PROF. RAM GOPAL YADAV  
*Chairman,*  
*Standing Committee on Agriculture*

## ANNEXURE-I

**MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON MONDAY, THE 21 MARCH, 2005 AT 1500 HRS. IN COMMITTEE ROOM 'B', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs. to 1715 hrs.

**PRESENT**

**Prof. Ram Gopal Yadav – Chairman**

**MEMBERS**

***LOK SABHA***

2. Shri G.L Bhargava
3. Shri Nihal Chand Chauhan
4. Shri Khagen Das
5. Shri Dharmendra
6. Shri Raghunath Jha
7. Smt. Rupatai D. Patil Nilangekar
8. Shri A. Ravichandran
9. Shri K.J.S.P. Reddy
10. Shri Y.S. Vivekananda Reddy
11. Shri Mehboob Zahedi

**RAJYA SABHA**

12. Shri Harish Rawat
13. Shri Khabir Uddin Ahmed
14. Shri Bhagwati Singh
15. Shri Datta Meghe
16. Shri Sharad Anantrao Joshi
17. Dr. M.S.Gill

**SECRETARIAT**

- |    |                     |   |                    |
|----|---------------------|---|--------------------|
| 1. | Shri N.K.Sapra      | - | Joint Secretary    |
| 2. | Shri Devender Singh | - | Director           |
| 3. | Shri K.D. Muley     | - | Under Secretary    |
| 4. | Smt. Ratna Bhagwani | - | Assistant Director |

**WITNESSES**

- |    |                          |                                |
|----|--------------------------|--------------------------------|
| 1. | Smt. Radha Singh         | Secretary (A&C)                |
| 2. | Shri A.K.Singh           | Additional Secretary           |
| 3. | Smt. C.T. Mishra         | Additional Secretary           |
| 4. | Shri Raghav Saran Pandey | Additional Secretary           |
| 5. | Shri Champak Chatterjee  | Additional Secretary           |
| 6. | Shri Prem Prakash Mathur | Additional Secretary & F.A.    |
| 7. | Smt. Ranjana Kumar       | Chairperson, NABARD            |
| 8. | Shri U.P.Singh           | Addl. Manager, Director, NAFED |

At the outset, the Chairman, welcomed the representatives of the Department of Agriculture and Cooperation Ministry of Agriculture to the sitting of the Committee and requested the Secretary to introduce herself and her colleagues to the Committee. After the introduction, the Secretary gave a brief account of the Demands for Grants (2005-2006) of the Department including the allocations made vis-à-vis the proposals initiated, growth rate in agricultural sector, foodgrain production, performance of Horticulture sector, import of oilseeds, etc.

2. Thereafter, the Chairman and Members of the Committee sought certain clarifications, on unspent balance with the States, marketing reforms, post-harvest losses, rates of interest being charged by various banks and NABARD, foodgrains production, Market Intervention by NAFED, share of State Governments and their responsibilities and other related issues. The representatives of the Department of Agriculture and Cooperation replied to all the queries posed by the Members.
3. The witnesses then withdrew.
4. A verbatim record of the proceeding of the sitting has been kept.
5. The Committee then adjourned.

ANNEXURE-IIMINUTES OF THE EIGHTEENTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON SATURDAY, THE 09 APRIL, 2005 AT 1100 HRS. IN COMMITTEE ROOM 'B', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1100 hrs. to 1315 hrs.

**PRESENT**

**Prof. Ram Gopal Yadav – Chairman**

**MEMBERS*****LOK SABHA***

18. Shri Hiten Barman
19. Shri G.L Bhargava
20. Shri Shivraj Singh Chauhan
21. Shri Khagen Das
22. Shri Raghunath Jha
23. Smt. Rupatai D. Patil Nilangekar
24. Shri A. Ravichandran
25. Shri K.J.S.P. Reddy
26. Shri Mehboob Zahedi

**RAJYA SABHA**

27. Smt. Mohsina Kidwai
28. Shri Harish Rawat
29. Shri Pyarelal Khandelwal
30. Shri Khabir Uddin Ahmed
31. Shri Bashistha Narain Singh
32. Dr. M.S. Gill

**SECRETARIAT**

- |    |                     |   |                    |
|----|---------------------|---|--------------------|
| 1. | Shri P.D.T.Achary   | - | Secretary          |
| 2. | Shri N.K. Sapra     | - | Joint Secretary    |
| 3. | Shri Devender Singh | - | Director           |
| 4. | Shri K.D. Muley     | - | Under Secretary    |
| 5. | Smt. Ratna Bhagwani | - | Assistant Director |



At the outset, the Chairman welcomed the Members. Thereafter, the Committee took up for consideration the Draft Reports on Demands for Grants (2005-06) 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 and 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 (2005-06) 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 during consideration of the Demands for Grants of the concerned Ministries/Departments. The Committee also placed on record their appreciation of the strenuous efforts put in by the officers and staff of the Agriculture Committee Branch for reflecting their real concerns and observations in the draft reports while preparing the same within such a short period of time.

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