

CHAPTER XIV
AGRICULTURE

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CHAPTER XIV AGRICULTURE

1. INTRODUCTION

14.1.01 Agriculture is not only the largest sector of our economy but is also a multi-dimensional subject. A very large part to our population, as is well known, is either directly or indirectly dependent on it. Much of our industrial growth also depends upon the development of the agricultural sector. Thus, the rapid development of this sector on sound lines is of utmost concern both to the Union and the States.

2. THE ISSUES

14.2.01 In the Constitution, 'Agriculture' has been placed as Entry 14 in the State List along with several ancillary matters, while some agriculture-related items have been included in the Union List and the Concurrent List. Many States have complained that not with standing Entry 14 of State List, the Union Government has made undue in roads in the sphere of agriculture, which according to them should remain an area of exclusive State jurisdiction.

14.2.02 All the States have emphasised that agriculture is primarily the responsibility of States but most of them have recongnised the role of the Union Government in regard to many matters affecting the agricultural sector.

14.2.03 The problems highlighted by the States in Union-State relationship in the sphere of agriculture are broadly as follows:

- (i) A State Government has observed: "Agriculture, including animal husbandry, forestry and fisheries should be exclusively a State subject and, therefore, the present entries in the Union and Concurrent Lists constricting this jurisdiction, should be dropped". This State Government has also elsewhere asked for transfer of all Entries in the Concurrent List to the State List. So far as List I is concerned, it has neither mentioned any Entries relating to agriculture which should be deleted nor demonstrated how the related Entries in the two Lists have created problems for the States. Another State Government has observed that in the interests of equal treatment of States and for checking the 'unbridled substantive activity and sanction of the various schemes involving substantial financial commitment and assistance from the Centre' the scope of Entry 33 of the Concurrent List should be restricted. Indeed, according to it, Entries 33 and 34 should be transferred to the State List.
- (ii) The Union Government has made deep in roads in the States' sphere of activity by introducing a number of Centrally Sponsored Schemes in agriculture and allied sectors. The matching contribution for these schemes on the part of the States reportedly puts heavy burden on their finances and distorts their plan priorities.
- (iii) The Uniform support prices of agricultural items fixed by the Union Government on the recommendations of the Agricultural Costs and Prices Commission do not adequately cover the costs and regional variations in them. Some specific suggestions made in this regard are as follows:
 - (a) The States should be consulted by the Union Government before deciding support prices.
 - (b) The States should be compensated for the subsidisation of power and water inputs by them.
 - (c) Procurement price should be higher. At present it is the same as the support price and does not fully cover costs of storage, transportation and other charges.
- (iv) In the case of critical in puts, like fertilizers, it has been suggested that fertilizers be allocated, as far as possible, from the plants situated within the State or in the neighbouring States. Further, the States should be empowered to amend the Fertilizer (Control) Order, 1957 insofar as it relates to its application within that State.
- (v) In case of agricultural research and education, Some States have suggested larger coverage and role and increased coordination with State level agencies to be able to pay attention to the specific situations. According to a State Government, in the Indian Council for Agricultural Research there is need for more representation on its governing-body for the Southern States where the climatic conditions are quite different.

- (vi) Some less developed States have suggested a more liberal approach and flow of larger agricultural credit to them from NABARD and other financial institutions.

3. CONSTITUTIONAL PROVISIONS

14.3.01 Agriculture is a multi-faceted activity and therefore, the framers of the Constitution distributed the various subjects of legislation in respect of agriculture and related matters between the Union and the States on a threefold pattern. Agriculture and most matters ancillary to or directly connected with it, were placed within the exclusive legislative and executive competence of the States. Accordingly, agricultural education and research, protection against pests and prevention of plant diseases; preservation, protection and improvement of stock and prevention of animal diseases; veterinary training and practice; pounds and the prevention of cattle trespass; land, rights in or over land, land tenures including the relation of landlord and tenant; collection of rents; transfer and alienation of agricultural land; land improvement agricultural loans; colonization; fisheries; markets and fairs; money-lending and money-lenders; relief of agricultural indebtedness; cooperative societies; land revenue; maintenance of land records taxes on agricultural income; duties in respect of succession to agricultural land and estate duty in respect of agricultural land, have all been made exclusive responsibility of the States (vide Entries 14, 15, 16, 18, 21, 28, 30, 32, 45, 46, 47 and 48 of the State List). A List of various Entries relating to Agriculture in the State List may be seen in Annexure XIV.1.

14.3.02 Organisation of production, supply and distribution of essential inputs like fertilizers, seeds, pesticides, utilisation of waters of inter-State rivers are matters which cannot be of exclusive State concerns. Matters of common interest to the Union and the States have been placed in the Concurrent List. In certain other cases, the relevant Entries in the State List have been made subject to certain other Entries in List I and List III.

14.3.03 The matters of Concurrent jurisdiction of the Union and the States relating to agriculture are: 'Prevention of the extension from one State to another of infectious or contagious diseases or pests of affecting men, animals or plants' (Entry 29); Trade and commerce in, and the production, supply and distribution of products of any industry (including one having a nexus with agriculture) controlled by the Union by virtue of a law made by Parliament under Entry 52, List I, or of food-stuffs, cattle fodder, raw cotton and raw jute (Entry 33); and 'Price control' including that of agricultural products and agricultural inputs (Entry 34). Apart from the above, 'Economic and social planning' in Entry 20 of the Concurrent List is comprehensive enough to include planning and development of agriculture and related activities.

14.3.04 Certain matters related to 'agriculture' in the State List have been made expressly subject to List I or III. Examples of these matters are to be found in Entries 17, 24, 26 and 27 of the State List. Thus, water, water supplies irrigation and canals, drainage and embankments, water storage, and water power in Entry 17, List II are expressly subject to Entry 56, List I, under which regulation and development of inter-State rivers and river valleys to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest, is the responsibility of the Union Government. Similarly, 'industries' (including Agro-industries) in Entry 24, List II are expressly subject to the control of the Union when such control is declared by Parliament by law under Entry 52, List I, to be expedient in the public interest. 'Trade and commerce within the State's (Entry 26, List II) and 'Production' supply and distribution of goods' (Entry 27, List II) are expressly subject to Entry 33 of List III.

14.3.05 Most aspects of agriculture and related activities are of significance to the nation as a whole. The National Commission on Agriculture had aptly observed: "Therefore, from the point of view of agricultural development, what is more important is the increasing inter-dependence of Central and State interests and the realisation that there is hardly any problem of agricultural development that cannot be solved with mutual co-operation and commitment between the Centre and the States. Centre and States are to be regarded as parts of a single system in which the right relationship between the two is to be guided by the criteria of efficiency and economic necessity and ensured through understanding and adjustment".

14.3.06 The functions directly undertaken by the Union Government for agriculture have been ably summed up as under:

- “(i) the overall planning and co-ordination of agricultural development in the country; co-ordinating State agricultural plans; assuring the efficient implementation of development plans; their evaluation;
- (ii) Providing financial assistance to the States for their agricultural plans through grants and loans;
- (iii) Providing technical assistance to States in planning and executing agricultural programmes;
- (iv) Assisting States in securing their requirements of agricultural inputs such as pure seeds, improved implements, fertilizers, pesticides in adequate quantities and in time;
- (v) Providing credit; assisting States in organising marketing, storage and transport facilities;
- (vi) Price stabilisation; enforcing in cooperation with the States minimum and maximum prices for agricultural produce; regulating inter-state trade and movement of commodities;
- (vii) Laying down import and export policies in respect of agricultural requisities and products;
- (viii) Providing in co-operation with the State extension services to farmers;
- (ix) Co-ordinating programmes of land use and development, soil conservation, and the utilization of water resources;
- (x) Fundamental and applied research in agriculture, veterinary science, agricultural economics, fisheries, etc. home science and nutritional problems;
- (xi) Maintaining the standards of higher education in all the agricultural sciences; and
- (xii) The administration of external assistance.”²

4. ANALYSIS—CONSTITUTIONAL ISSUES

14.4.01 We may first consider the issue relating to changes in the present Constitutional provisions in respect of agriculture. It has been suggested by a State Government that the existing Entries in the Union and Concurrent List constricting the jurisdiction of States in respect of agriculture should be deleted. While it has elsewhere suggested transfer of the entire field of Concurrent subjects to the State List, No specific Entry in the Union List has been cited for deletion. We have, therefore, considered the issue with reference to the rationale for Union's functions and responsibilities in the agricultural sector, as noted in paragraph 14.3.06 above. Another State Government has suggested that “Entries 33 and 34 of the Concurrent List may be transferred to the State List as it is not likely to cause any prejudice to national or public interest”.

14.4.02 Planning and coordination of agricultural development is a matter of common concern to the Union and the States. Obviously, this aspect cannot be wholly left to the individual States. Indeed, it requires a cooperative endeavour between the two levels of government.

14.4.03 The Union is responsible for ensuring availability of foodgrains and other agricultural products and also provisions of critical inputs like fertilizers, water, finance, etc. for their production. This role involves, among others, operation of Entry 33 of List III and Entry 52 of List I.

14.4.04 By virtue of Entry 33 of List III, Parliament has enacted the Essential Commodities Act, 1955. The Act gives powers to the Union Government to control production, supply, distribution, trade and commerce in essential commodities. The definition 'essential commodity' in Section 2 of the Act includes, *inter alia*, Sugarcane, Foodstuffs, Edible Oil-Seeds and Oil, Raw Cotton, and Raw Jute.

14.4.05 Agro-Industries, e.g., those concerning manufacture of Sugar, Fertilizers, Insecticides, Fungicides, Weedicides, Vegetable Oils, Agricultural Machinery and Implements, Tractors or Processed Foodstuffs, etc., are covered by the First Schedule to the Industries (Development and Regulation) Act, 1951 enacted under Entry 52, List I.

14.4.06 The Union Government has an important role to play in securing not only increased production of the items covered by Entry 33 but also in ensuring a purposive distribution and supply of the same. It is well-known that some parts of the country are surplus in foodstuffs and many others are deficient. Similar is the case with oilseeds and cattle fodder. Raw cotton and raw jute, also covered by this Entry, are basic raw materials for industry and are grown in large areas of some States. They involve reconciling the interest of farmers, industry and trade through price-support, ensuring smooth supply across the States and

maintaining their demand. Obviously, such matters provide scope both for action by the Union and the States, and primacy to that of the former wherever national and inter-State aspects are involved.

14.4.07 Entry 34 of List III, "Price control", is functionally related to Entry 33 of that List and has, indeed, a much wider coverage. Price control is a basic issue in national economic policy and has special relevance in our planned development and mixed economy. This function can best be performed through a concerted action of the Union and the State Governments. The former has to evolve policy parameters and coordinate the overall aspects impinging on prices and the latter has to attend to the details of implementation. Hence, the evident justification for Entry 34 in List III.

14.4.08 The States have jurisdiction *vide* Entry 17 of List II in respect of water-supply, irrigation and canals, drainage and embankments, water storage, etc. It has been observed: "For though the waters of an inter-State river pass through the territories of all the States taken together, such waters are not located in any one State; they are in a state of flow and on well-settled principles of International and Federal Law relating to the waters of an inter-State river, no State can claim exclusive ownership of such waters so as to deprive the other States of their equitable share.³ It is only the Union which can effectively regulate and develop inter-States rivers and river valleys. Entry 56 of List I provides for regulation and development of inter-State rivers and river valleys to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in public interest.

14.4.09 Entries 57 and 59 of List I⁴ involves sensitive and extra-territorial aspects also and, in our view, rightly belong to the Union's sphere.

14.4.10 It may be seen from Annexure XIV.2 that there are a large number of Entries in the Union List which have relevance for both agricultural and non-agricultural sectors.

14.4.11 Similarly, in the Concurrent List, subjects of Economic and social planning; Employment and unemployment; Vocational training; Price control; Electricity; and the like, relate to both agricultural and non-agricultural spheres. By their very nature, they include scope for both Union and State action and an overriding role for the former wherever national and inter-state interests are involved.

14.4.12 In view of the above, we are unable to support the contention that the Entries in the Union and the Concurrent Lists relating to 'agriculture' should be deleted as such or transferred to the State List.

5. CENTRALLY SPONSORED SCHEMES

14.5.01 The next issue for consideration is the complaint of large inroads made into the sphere of 'Agriculture' by the Union Government through the Centrally Sponsored Schemes. A list of Centrally Sponsored Schemes in the field of agriculture and allied sectors during the Sixth Plan period is given in Annexure XIV.3.

14.5.02 The Centrally Sponsored Schemes in agriculture and allied sectors are mostly in areas of propagation of improved technology, research and statistics, combating ecological hazards, support to production in specific areas (e.g., pulses, cotton, jute, cashewnut, oilseeds and pilot project for increasing rice production in eastern States), disease control, credit support, externally aided projects, poverty alleviation, and the like.

14.5.03 The Ministry of Agriculture, Cooperation and Rural Development has informed us that "the Central and Centrally Sponsored Schemes are related to national priorities in many ways. They may aim at removing the regional imbalance in development, or provide essential supplementary effort that would be normally beyond the means of an individual State (e.g. Central and Eradication of Pests and Disease of Agricultural Importance including Weed Control in Endemic Areas). Then there is the need for protecting national priorities and ensuring that the core sectors of development are allotted resources on an ear-marked basis."

14.5.04 We have pointed out in the Chapter on Economic and Social Planning that Centrally Sponsored Schemes have grown steadily. The National Development Council took note of this and recommended a set of criteria for selection of such schemes and limited the overall outlay on them. The Ramamurti Committee⁵ also recommended certain criteria for selection of such schemes⁶. We have endorsed the views of the Ramamurti Committee.

14.5.05 A glance at the list of schemes in Annexure XIV.3 would show that judged by these criteria many of them would not qualify for being included in the category of Centrally Sponsored Schemes. For example, the Ramamurti Committee recommended a minimum limit of Rs. 25 crores for projects in general and Rs. 10 crores for projects in selected States for this category. It may be seen from Annexure XIV.3 that several schemes included in the Sixth Five Year Plan had outlays much lower than these limits.

14.5.06 It is a matter of concern that in an area which is primarily the responsibility of the States, the number of Centrally Sponsored Schemes keeps on increasing unduly and along with it the concomitant Union direction and control. We have dealt with the various issues relating to Centrally Sponsored Schemes in the Chapter on Economic and Social Planning. We reiterate the recommendation made therein that only those Schemes which satisfy the criteria laid down by the Ramamurti Committee, and have inter-State, regional or overall national significance, should be included as Centrally Sponsored Schemes.

14.5.07 We next consider the allegation of inadequate consultation with the States prior to formulation of the schemes and level of flexibility in the implementation of the approved schemes. The Union Government (Ministry of Agriculture, Cooperation and Rural Development) has informed us as follows in this respect:

“As regards the Centrally Sponsored Schemes, the views of the State Governments are sought on feasibility, programme content, funding pattern and the economic benefits, before these are formulated. The views of the State Governments are also brought to bear upon these programmes through Advisory Boards, Councils and Standing Committees. The Central Sector Schemes, it is true are formulated by the concerned central Ministry and finalised by the Planning Commission after mutual consultation. But there cannot be any objection to consulting the State Governments while formulating these schemes through the Central working Groups or through advisory bodies and other such forums.”

14.5.08 It has also been brought to our notice by the Union Ministry of Agriculture, Cooperation and Rural Development that a number of Centrally Sponsored Schemes transferred to the State Sector in 1979-80 were either given up or have languished for want of funds, e.g., the schemes of Integrated Dryland Farming, Tobacco, Sugarcane, Spices, Horticulture and Animal Husbandry. This has reportedly made an adverse effect on the concerned production programmes.

14.5.09 We have emphasised earlier the imperative need for greater cooperation and coordinated action in all matters relating to agriculture. Such cooperation and close coordination can be secured through Joint Working Groups, as was recommended by the National Commission on Agriculture. Detailed prior consultation with States is an essential step. The fact that Centrally sponsored Schemes were dropped by the States on being transferred to the State Plan sector shows that the States attached priority to these schemes only because of the financial assistance which went with it or are unable to fund them (as in the case of the backward States). This only under-scores the need for formulation of schemes in consultation with the States, so that they get included not because of the financial tag attached to them but due to common appreciation by both the Union and the States that these are areas of high priority within the framework of the national plan. We recommend that due attention should be paid to this aspect.

6. PRICING OF AGRICULTURAL ITEMS

14.6.01 Pricing of agricultural items is a complex subject. Several interest—often conflicting in nature—are sought to be reconciled in this regard. Advice on such matters obviously necessitates consideration by an expert body, free from the pressures of interest groups. The Agricultural Prices Commission (Since March 1985 notified as Commission of Agricultural Costs and Prices) was set up in January 1965 following the recommendations of the Jha Committee of Foodgrains Prices. Its terms of reference are contained in the Resolution reproduced in Annexure XIV.4.

14.6.02 The minimum agricultural prices announced by the Government of India on the recommendations of the Commission for Agricultural Costs and Prices form the basis for procurement operations. The principal grievance of the States is that they do not have adequate say in the fixation of support prices. It is argued that the uniform support prices which are in vogue do not sufficiently account for the regional variations in the cost of production. It has been suggested by some of them that there should be different regional prices.

14.6.03 We have been informed that the Commission for Agricultural Costs and Prices collects detailed information and obtains the views from the State Governments on a comprehensive Questionnaire. If

ascertains subsidies on agricultural inputs provided by the States and the Union Government. Discussions are held with the State Governments and experts during the Commission's visits to the States. Organisations of farmers, traders and other interest groups are also consulted. The Commission also generates its own cost-data on the basis of returns obtained from Agro-Economic Research Centres run by the Universities.

14.6.04 The Ministry of Agriculture, Cooperation and Rural Development has stated that after the Commission for Agricultural Costs and Prices submits its report, the Union Government circulates it to the States Governments. They get sufficient opportunity to give their views on fixation of agricultural prices, viz., in reply to the Questionnaire of the Commission for Agricultural Costs and Prices, during discussions with it and finally on its report to the Government.

14.6.05 We are concerned with the question whether adequate or reasonable working arrangements are obtaining for dealing with the widely differing views of the States. We are of the view that the issues like levels of prices and uniformity or otherwise of minimum prices, should best be left for consideration by an expert body like the Commission for Agricultural Costs and Prices. Any question of principle in regard to national policy in the area of fixation of prices could appropriately be considered thereafter by the National Economic and Development Council, if necessary.

14.6.06 A State Government has argued that as 'price control' is subject in the Concurrent List, it would be desirable to associate the representatives of the States with the Agricultural Costs and Prices Commission, at least in an advisory capacity. It has further suggested that advisory panels may be set up for each commodity or group of commodities on which the major producing and consuming States might be represented. We have noted above that the Commission for Agricultural Costs and Prices seeks the views of the State Governments and also holds discussions with them on minimum prices of the commodities under its purview. The Union Government also invites comments of the States on the prices recommended by the Commission before taking a decision. The State Governments are, therefore, already being consulted individually. The Resolution setting up the Commission provides for it to determine its own procedures and seek such information and hold discussions with official and non-official bodies as it may find relevant for its purposes. The association of the States in the form of advisory panels, unless desired by the Commission at some time, may introduce political pressures in the working of an expert body. As appropriate flexibility and consultative arrangement already exist in the present working of the Commission, we do not think that the above proposal of the State Government will lead to an improvement.

7. INPUT SUPPLY

14.7.01. Adequate and timely supply of goods quality inputs—fertilizers, seeds, insecticides, pesticides, etc.—is crucial for agricultural development. This requires efficient management, involving both the Union and the State agencies, corresponding to the production plan. With increasing application of non-traditional and improved variety of inputs, the pressure on input delivery is on the increase and has, indeed, been recognised in a recent expert study as a constraints in the less developed areas.

14.7.02 The State Governments have generally recognised the role and initiative of the Union in the allotment and supply of inputs like fertilizers. However, a few of them have highlighted certain problems in this regard. A few others have asked for more powers in the distribution of fertilizers.

14.7.03 In the delivery of inputs, coordination between the two levels of governments and their institutions is of crucial significance. The responsibility for forward planning of supplies covering aspects of assessment of needs, production, imports, stocks movement, allocation, etc., rests with the Union Ministry of Agriculture, and its concerned agencies. States Farms Corporations, Seeds Corporations, Warehousing Corporations, etc. have to play a crucial role in coordinating with the central agencies on the other hand, and in organising input delivery systems within the States on the other.

14.7.04 A plan for the supply and distribution of fertilizers has to be centrally prepared to tie up indigenous production, imports, storage, quality, credit-support, price policy, etc. Fertilizer as an industry is under the control of the Union Government (being in the First Schedule of the IDR Act) vide Entry 52 of List I and also Entry 33 of List III. The Fertilizer (Control) Order, 1957 has been in force under the provisions of the Essential Commodities Act, to ensure quality and regulate prices of fertilizers. The Union Government has been financing the cost of delivery of fertilizers upto Block headquarters and has also been

fixing uniform prices of all the commonly used varieties. The subsidy on fertilizer distribution amounted to about Rs. 2000 crores in 1985-86.

14.7.05 The allocation of fertilizers to the States is made after taking into account the agro-climatic conditions and other relevant factors. Consultations with the States are held in this respect through Conferences, held twice a year—before the *Rabi* and the *Kharif* seasons. We have been informed by the Union Government that in order to save on transportation costs, the States are already required to draw their quota from the plants situated within the respective States or from the ones as close as possible. Further, problems arise at times under conditions of sudden scarcity when the States tend to draw more than their allotments and refuse to share the shortage with neighbouring States. In the last few years, however, no serious problems and complaints have reportedly arisen.

14.7.06 General bottlenecks in fertilizer application in the states are reported to be lack of credit facilities, weakness in the extension machinery and lack of trained manpower to handle the fertilizer distribution programme. Giving the States powers in the distribution of fertilizers within their respective areas should be done as part of the overall scheme of fertilizer allocations.

14.7.07 We are of the view that there should be an active involvement of the States in planning of fertilizer distribution.

14.7.08 In their memoranda and replies, the State Governments have not raised many issues with respect to supplies of other inputs like seeds, insecticides, pesticides, etc. We have been informed by the Union Ministry of Agriculture, Cooperation and Rural Development that in each of the four Inputs Divisions in that Ministry, Co-ordination Cells exist to over-see input delivery programmes. The legislative framework has been set up by the Union Government under the Central Seeds Act, 1966, and the Insecticides Act, 1968. However, operationally, co-ordination is vital between central and State-level agencies, Agricultural Universities, Co-operatives, etc.

14.7.09. We emphasise that through constant monitoring, it needs to be ensured that the input delivery systems perform well.

8. CREDIT SUPPLY

14.8.01 Some of the State Governments have drawn attention to the fact that a greater part of the credit made available by the National Bank for Agriculture and Rural Development (NABARD) is utilised by the more advanced States. There is, therefore, a demand that States should have representation on the Board of Directors of NABARD.

14.8.02 Availability of credit is basic to sustaining production and spread of improved technology in agriculture and has particular relevance for the backward areas and the weaker sections. The cooperative structure is an important channel of credit delivery. The NABARD was set up in 1982 by an Act of Parliament as the apex organisation overseeing development, policy planning and financial support for agriculture and rural development. It channelises credit through co-operative and commercial banks, regional rural banks and other financial institutions.

14.8.03. One of the important considerations in the flow of agricultural credit is the ability of the organisation in the State to absorb the credit. The Union Government has made the following observations to us in this regard:

“The State Governments have not shown the political will to tackle the problem of mounting overdues, the main reason for chocking the line of credit, and have been found to be generally reluctant to take coercive action against wilful defaulters.”

14.8.04 In the Chapter of Financial Relations we have noted that very substantial institutional credit is flowing to the States, including that for agricultural and rural sectors. Those with a well developed cooperative and organisational structure, especially the more developed States, are in an advantageous position in this regard. In spite of some schemes Specially designed for the backward states by NABARD in totality these States continue to get relatively much smaller shares in institutional credit.

14.8.05 We are of the view that it is not the enlargement of representation on NABARD that will secure flow of adequate credit to the States, but building up of an efficient organisation to enable the farmers and others to avail of institutional credit. The ground-work in this regard will have to be done by States

themselves. We find that adequate fora in the form of advisory Council at the national level, Regional Advisory Committees for technical schemes and District Consultative Committees exist wherein the States can represent their view-point and sort out operational difficulties, if any. We, therefore do not consider it necessary that States' representation on the Board of Directors of NABARD needs to be enlarged beyond what it is today.

14.8.06 The Committee to Review Arrangements for Rural Credit for Agricultural and Rural Development (CRAFICARD) appointed by the Reserve Bank in 1981, had drawn attention to the fact that politicisation, malfunctioning of elected bodies and lack of professional competence in management, is paralysing the co-operative credit system in some States. Recently, the Committee on Agricultural Productivity in Eastern India (RBI, 1984) has also observed that the cooperative credit structure in that region is choked with heavy overdues. Populist considerations have prompted some State Governments to write-off over-dues. Credit is a delicate plant which is difficult to grow but easy to destroy. If any State Government wishes to provide special relief to some really deserving farmers. It should do it through the grants and not through condoning wilful loan-default.

14.8.07. We recommend that the National Economic and Development Council should review periodically the working of the cooperative credit system in detail and enforce discipline in this regard.

9. AGRICULTURAL RESEARCH

14.9.01. Agricultural education and research is a State subject (Entry 14, List II). Entry 64, List I pertains to "Institutions for scientific or technical education financed by the Government of India wholly or in part and declared by Parliament by law to be institutions of national importance". Entry 66, List I relates to "Coordination and determination of standards in institutions for higher education or research and scientific and technical institutions."

14.9.02. Many State Governments have established Agricultural Universities and Institutions for carrying on research. They have also recognised the Union initiative in organising agricultural research in a variety of fields. Some of the less developed States have suggested that the Indian Council of Agricultural Research should undertake projects to solve local problems and felt-needs in the region in the matter of research. A State Government has, however, pointed out that the recommendations made by the ICAR institutions are often at variance with those of the State level agencies, leaving the farmers confused. Another State Government has suggested representation of Southern States on its Governing Body and that the States Directors of Animal Husbandry and Agriculture should be coopted as Members of the Indian Council of Agricultural Research.

14.9.03 The Imperial Council of Agricultural Research (1929), renamed as the Indian Council of Agricultural Research (ICAR) in 1947, has been a premier research institution for promoting, guiding and coordinating agricultural research throughout the country. It provides aid to a very large number of crop and animal research institutions, Agricultural Universities and other institutions. The All-India Coordinated Research Projects conceived by the Council have been found very useful in propagating new technology. The All-India Coordinated Research Projects deal with improvement of agricultural crops and animals as also investigations in the field of agronomy, soil science and agricultural engineering. They operate on a countrywide basis under the direct supervision and technical guidance of the ICAR. The principle of their functioning is to provide scope and opportunity for wider evaluation of the proven results of applied research. These projects have provided scope for cooperation between scientists in the States and at the Centre.

14.9.04 The organisational structure of the ICAR comprises the General Body of the ICAR Society, the Governing Body, eight Regional Committees and the Management Committees of the Institutes. On the General Body of the ICAR Society Ministers of Agriculture, Animal Husbandry and Fisheries of all the States are represented, besides four Vice-Chancellors of Agricultural Universities and eight farmers representing agro-climatic regions and four representatives of rural interest. In the Governing Body three Members of Parliament and three Vice-Chancellors of Agricultural Universities and three representatives of farmers are nominated by the President of the ICAR (Union Minister of Agriculture). In the Regional Committee States are represented by Directors of Agriculture, Animal Husbandry, Fisheries, Horticulture, Chief Engineer, of Irrigation, Chief Conservator of Forests and Vice-Chancellors of Agricultural Universities.

14.9.05 In view of underdeveloped state of agricultural research in several States, we feel that the Union Government should continue guiding the States in this regard and helping them organise their own research network. There is also need to further strengthen the coordination between the field institutions of the ICAR and the State's agencies so that the latter may draw upon their expertises. Staff exchange programmes between the two may also be encouraged to share experience and expertise.

14.9.06 We have considered the suggestions of the State Governments in the light of the above facts. The first suggestion relating to need for ICAR undertaking research in backward areas in an administrative matter to be decided by Government. We have no comments on the same. In regard to the allegation that the recommendations of ICAR are often at variance with those of the local institutions, it underscores the need for greater consultation and cooperation between the Union Government's institutions/agencies and States' organisations.

14.9.07 We have already noted in paragraph 14.9.04 that the States are well represented at various levels of the ICAR organisation. The present structure should, by and large, be able to take care of providing necessary orientation of research-work corresponding to special local situations and needs. As regards the suggestion for representation on the Governing Body of the ICAR for Southern States, besides the adequacy of the present representation of States, we are unable to support the same, for the reasons that representation on such a body should be on the basis of professional ability and contribution in the field of research rather than merely on any regional basis as such.

10. RECOMMENDATIONS

14.10.01 Only those schemes which satisfy the criteria laid down by the Ramamurti Committee and have inter-State, regional or national significance, should be included as Centrally Sponsored Schemes.

(Para 14.5.06)

14.10.02 The Centrally Sponsored Schemes should be formulated in consultation with the States, so that they get included not because of the financial tag attached to them but due to common appreciation by both the Union and the States that these are areas of high priority within the framework of the national Plan.

(Para 14.5.09)

14.10.03 The issues like levels of prices and uniformity or otherwise of minimum prices, should best be left for consideration by an expert body like the Commission for Agricultural Costs and Prices. Any problem in regard to national policy in the area of fixation of prices could appropriately be considered thereafter by the National Economic and Development Council, if necessary.

(Para 14.6.05)

14.10.04 There should be an active involvement of the States in planning of fertilizer distribution.

(Para 14.7.07)

14.10.05 It is not the enlargement of representation on NABARD that will secure flow of adequate credit to the States, but building up of an efficient organisation to enable the farmers and others to avail of institutional credit. The ground-work in this regard will have to be done by States themselves. Adequate fora in the form of Advisory Council at the national level, Advisory Committees for technical schemes and District Consultative Committees exist wherein the States can represent their view-point and sort out operational difficulties, if any. States' representation on the Board of Directors of NABARD need not be enlarged beyond what it is today.

(Para 14.8.05)

14.10.06 Various committee have drawn attention to the fact that politicisation, mal-functioning of elected bodies and lack of professional competence in management, is paralysing the cooperative credit system in some States. Attention has also been drawn to chocking of the cooperative system due to heavy arrears. The working of cooperative credit system should be reviewed periodically by the NEDC in details and discipline enforced in this regard.

(Para 14.8.06 and 14.8.07)

14.10.07 In view of underdeveloped state of agricultural research in several States, the Union Government should continue guiding the States in this regard and helping them organise their own research network. There is also need to strengthen the coordination between the field institutions of the ICAR and the States agencies so that the latter may draw upon their expertise. Staff exchange programmes between the two may also be encouraged to share experience and expertise.

(Para 14.9.05)

ANNEXURE XIV.1

SUBJECTS RELATING TO AGRICULTURE IN THE STATE LIST OF THE SEVENTH SCHEDULE
TO THE CONSTITUTION

Entry List II—State List

No.

14. Agriculture, including agricultural education and research, protection against pests and prevention of Plant diseases.
15. Preservation, protection and improvement of stock and prevention of animal diseases; veterinary training and practice.
16. Pounds and the prevention of cattle trespass.
17. Water, that is to say, water supplies, irrigation and canals, drainage and embankments, water storage and water power subject to the provisions of entry 56 of List I.
18. Land, that is to say, rights in or over land, land tenures including the relation of landlord and tenant, and the collection of rents; transfer and alienation of agricultural land; land improvement and agricultural loans; colonization.
21. Fisheries.
26. Trade and commerce within the State subject to the provisions of entry 33 of List III.
27. Production, supply and distribution of goods subject to the provisions of entry 33 of List III.
28. Markets and fairs.
30. Money-lending and money-lenders; relief of agricultural indebtedness.
32. Incorporation, regulation and winding up of corporations other than those specified in List I, and universities; unincorporated trading literary, scientific, religious and other societies and associations; co-operative societies.
45. Land revenue, including the assessment and collection of revenue, the maintenance of land records, survey for revenue purposes and records of rights, and alienation of revenues.
46. Taxes on agricultural income.
47. Duties in respect of succession to agricultural land.
48. Estate Duty in respect of agricultural land.
50. Taxes on mineral rights subject to any limitations imposed by Parliament by law relating to mineral development.
52. Taxes on the entry of goods into a local area for consumption, use or sale therein.
53. Taxes on the consumption or sale of electricity.
54. Taxes on the sale or purchase of goods other than newspapers, subject to the provisions of Entry 92A of List I.
58. Taxes on animals and boats.
59. Tolls.
60. Taxes on professions, trades, callings and employments.
63. Rates of stamp duty in respect of documents other than those specified in the provisions of List I with regard to rates of stamp duty.

ANNEXURE XIV.2

SUBJECTS HAVING BEARING ON AGRICULTURE IN THE UNION AND CONCURRENT LISTS OF THE SEVENTH SCHEDULE TO THE CONSTITUTION

Entry No. List I—Union List

28. Port quarantine, including hospitals connected therewith; seamen's and marine hospitals.
42. Inter-State trade and commerce.
43. Incorporation, regulation and winding up of trading corporations, including banking, insurance and financial corporations but not including co-operative societies.
44. Incorporation, regulation and winding up of corporations, whether trading or not, with objects not confined to one State, but not including universities.
45. Banking.
47. Insurance.
51. Establishment of standards of quality for goods to be exported out of India or transported from one State to another.
52. Industries, the control of which by the Union is declared by Parliament by law to be expedient in the public interest.
56. Regulation and development of inter-State rivers and river valleys to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest.
57. Fishing and fisheries beyond territorial waters.
59. Cultivation, manufacture, and sale for export, of opium.
63. The institutions known at the commencement of this Constitution as the Banaras Hindu University, the Aligarh Muslim University and the Delhi University; the University established in pursuance of article 371E; any other institution declared by Parliament by law to be an institution of national importance.
64. Institutions for scientific or technical education financed by the Government of India wholly or in part and declared by Parliament by law to be institutions of national importance.
65. Union agencies and institutions for—
 - (a) professional, vocational or technical training, including the training of police officers; or
 - (b) the promotion of special studies or research; or
 - (c) scientific or technical assistance in the investigation or detection of crime.
66. Co-ordination and determination of standards in institutions for higher education or research and scientific and technical institutions.
69. Census.
81. Inter State migration; inter State quarantine.
82. Taxes on income than agricultural income.
97. Any other matter not enumerated in List II or List III including any tax not mentioned in either of those lists.

List III—Concurrent List

9. Bankruptcy and insolvency.
17. Prevention of cruelty to animals.
- 17A. Forests.
- 17B. Protection of Wild animals and other birds.
18. Adulteration of foodstuffs and other goods.
20. Economic and social planning.
23. Social security and social insurance; employment and unemployment.
25. Education, including technical education, medical education and universities, subject to the provisions of entries 63, 64, 65 and 66 of List I; vocational and technical training of labour.

29. Prevention of the extension from one State to another of infectious or contagious diseases or pests affecting men, animals or plants.
30. Vital statistics including registration of births and deaths.
33. Trade and commerce in, and the production, supply and distribution of,—
 - (a) the products of any industry where the control of such industry by the union is declared by Parliament by law to be expedient in the public interest, and imported goods of the same kind as such products;
 - (b) foodstuffs, including edible oilseeds and oils;
 - (c) cattle fodder, including oilcakes and other concentrates;
 - (d) raw cotton, whether ginned or unginned, and cotton seed; and
 - (e) raw jute.
34. Price control.
38. Electricity.
45. Inquiries and statistics for the purposes of any of the matters specified in List II or List III.

ANNEXURE XIV.3

*List of Centrally sponsored Schemes, Pattern of Central Assistance and Central Assistance Provided in the Sixth Plan (1980—85)—
Agriculture and Allied Sectors*

Sl. No.	Ministry/Department/ Sector	Name of the Scheme Assistance	Pattern of Central (Actuals for 1980—84 and B.E. for (1984— 1985) (Rs. crores)	Assistance
1	2	3	4	5
1.	Agriculture	1. Scheme for distribution of Minikits of rice, Millets, Pulses and wheat	100%	20.06
		2. Distribution of Gram Minikits in replacement of Khesari Dal	"	0.50
		3. Soil conservation in the catchment of River Valley Projects	"	73.49
		4. Integrated Water Shed Management in the catchment of Flood Rivers of Gangetic Basin	"	30.52
		5. Development of Spices in Union Territories	"	0.24
		6. Establishment of elite Progeny Orchards	"	1.18
		7. Improvement of Irrigation Statistics	"	0.82
		8. Crop estimation surveys on fruits, vegetable and minor crops	"	0.49
		9. Diagnostic Studies	"	0.02
		10. Central Pilot Project for increasing Rice Production in Eastern States	"	5.00
		11. Propagation of water harvesting technology in dry farming areas.	"	2.75
		12. Improved Technology for apple production	50%	0.45
		13. Intensive Cotton Development Programme	"	15.55
		14. Intensive Jute Development Programme	"	3.48
		15. Assisting small and marginal farmers in increasing agricultural production "		185.00
		16. Establishment of an agency for collection of agricultural statistics	50%	5.38
		17. Establishment of farmers' Agro-Service Centres for custom-Hiring and Popularisation of improved agricultural implements	"	3.01
		18. Popularisation of seed-cum-fertilizer drills and imputs	"	1.30
		19. Intensive Oilseeds Development Programme	"	93.84
		20. Cashewnut Development 50% States 100% UTs.	4.54	
		21. Package Programme on Coconut Development	"	1.70
		22. Development of Pulses 50% & 100% according to work component	17.38	
		23. Timely reporting of estimates of area and production of 50% States 100% UTs	2.61	
		principal crops		
		24. Improvement of crop statistics	Do	1.67
		25. Agricultural Credit Stablisation Fund	N.A.	60.39
		26. Control and eradication of pests/diseases of agricultural importance including weed control in endemic areas	N.A.	10.21
TOTAL				541.58
2.	Animal Husbandry & Dairy Development	1. Minikit testing on fodder crops	100%	0.57
		2. Rinder-pest eradication	50%	1.64
		3. Foot & Mouth Diseases Control Programme	50%	2.37
		4. Systematic control of livestock diseases of National importance including creation of diseases-free zone	50%	2.49
		5. Assistance to selected Gaushalas for production of high quality indigenous cross-bread heifers	50%	0.81
		6. Sample Surveys on estimation of production of milk, eggs, wool and meat in States.	50%	0.47

7. Integrated Dairy Development Projects in States 50% in case of Assam & 5.53 J & K and 100% in Sikkim

TOTAL				13.88
3.	Co-operation	1. Assistance to Co-operative Marketing, processing and Storage Programmes	100%	38.36
		2. Share Capital participation in Co-operative Factories	"	27.44
		3. Participation in the Share Capital of Growers Spinning Mills	"	44.31
		4. IDA : Storage Project (NCDC-I)	N.A.	19.49
		5. IDA : Storage Project (NCDC-II)	N.A.	38.39
		6. EEC : Storage Project	N.A.	15.54
		7. IDA : Cold Storage Project (NCDC-II)	N.A.	16.34
		8. EEC Funded Soyabean Project	N.A.	13.81
TOTAL				213.68
4.	Fisheries	1. Techno-socio-economic survey of fishermen	100%	0.18
		2. Construction of Dry Docks	"	0.50
		3. Development of Botanical Garden at Sassoon Dock	"	0.10
		4. Accident Insurance Scheme for Active Fishermen	"	0.34
		5. Fish Farmers development Agency	50%	3.80
		6. World Bank-assisted Inland Fisheries Schemes	"	4.26
		7. Brackish water fishfarming	50%	2.19
		8. Introduction of Beach Landing Crafts	"	0.50
		9. Landing and berthing facilities at Minor Ports	"	17.15
		10. National Programme for Fish Seed Development	70%	3.42
TOTAL				32.44
5.	Forests	1. Soil, Water and tree conservation in Himalayas	100%	26.58
		2. Social Forestry including fuel wood planting 50% States	100% UTs.	
		TOTAL	77.30	50.72
6.	Rural Development	1. Rural Landless Employment Guarantee Programme (RLEGP)	100%	599.90
		2. Establishment of Rural Godowns	50%	14.58
		3. Integrated Rural Development Programme (IRDP)	50%	789.16
		4. Development of women and children in rural areas	"	5.48
		5. Special Live-stock Programme		
		(a) Poultry, piggery & sheep		
		(b) Cross-bred heifers	50%	28.54
		(c) Assistant for Spl. Livestock Programme (Staff component)		
		6. Drought Prone Area Programme	"	169.78
		7. Desert Development Programme	"	42.16
		8. Promotion of voluntary scheme of Social Action Programme	"	1.68
		9. National Rural Employment Programme (NREP)	"	1103.01
		10. Establishment/strengthening of regional training Centre for Research and Training	"	1.12
		11. Land Reforms-Assistance to new assignees of land imposition of ceilings on agricultural holdings	"	11.89
		12. National Scheme for training of rural youth for self employment	50%	4.36
TOTAL				2771.66

*In Seventh Plan 100%

Source: Report of Expert Committee on the Role of Centrally Sponsored Schemes in Seventh Plan (January, 1985).

ANNEXURE XIV. 4
GOVERNMENT OF INDIA RESOLUTION ON REVISED TERMS OF REFERENCE OF THE AGRICULTURAL PRICES COMMISSION

No. 14011/2/78-Econ Py.

Government of India (Bharat Sarkar)
Ministry of Agriculture (Krishi Mantralaya)
Department of Agriculture and cooperation
(Krishi our Sahkarita Vibhag)

New Delhi, the 5th March, 1980

RESOLUTION

The Agricultural Prices Commission was set up in January, 1965 to advise on the price policy of agricultural commodities with a view to evolving a balanced and Integrated price structure in the perspective of the overall needs of the economy and with due regard to the interests of the producer and the consumer. Over the years, the Commission has helped in the evolution of a stable and positive price policy for agricultural commodities.

The agricultural situation has considerably changed since the setting up of the Commission. The area under irrigation and intensity of cropping are going up steadily. Consumption of fertilisers and pesticides has increased. Investment in Agriculture through institutional and other sources has risen. A number of policy decisions have been taken to give high priority to Agriculture and Rural Development.

Agricultural production has as a result of these steps achieved a reasonable degree of stability and a process of increasing market orientation of the agricultural sector has set in. It has hence considered necessary to modify and expand the terms of reference of the Agricultural Prices Commission.

The terms of reference of the Commission would be as under:

1. To advise on the price policy of paddy, rice, wheat, jowar, bajra, maize, ragi, barley, gram, tur, moong, urad, sugarcane, groundnut, soyabean, sunflowerseed rapeseed and mustard, cotton, jute, tobacco and such other commodities as the Government may indicate from time to time with a view to evolving a balanced and integrated price structure in the perspective of the overall needs of the economy and with due regard to the interests of the producer and the consumer.
2. While recommending the price policy and the relative price structure, the Commission may keep in view the following:
 - (i) The need to provide incentive to the producer for adopting improved technology and for developing a production pattern broadly in the light of national requirements.
 - (ii) The need to ensure rational utilisation of land, water and other production resources.
 - (iii) The likely effect of the price policy on the rest of the economy, particularly on the cost of living, level of wages, industrial cost structure, etc.
3. The commission may also suggest such nonprice measures as would facilitate the achievement of the objectives set out in 1 above.
4. To recommend from time to time, in respect of different agricultural commodities, measures necessary to make the price policy effective.
5. To take into account the changes in terms of trade between agricultural and non-agricultural sectors.
6. To examine, where necessary, the prevailing methods and cost of marketing of agricultural commodities in different regions, suggest measures to reduce costs of marketing and recommend fair price margins for different stages of marketing.
7. To keep under review the developing price situation and to make appropriate recommendations, as and when necessary, within the framework of the overall price policy.
8. To undertake studies in respect of different crops as may be prescribed by Government from time to time.
9. To keep under review studies relating to the price policy and arrangements for collection of information regarding agricultural prices and other related data and suggest improvements in the same, and to organise research studies in the field of price policy.
10. To advise on any problems relating to the agricultural prices and production that may be referred to it by Government from time to time.

The Commission will maintain close touch with other agencies dealing with matters having a bearing on prices and production including the Food Corporation of India, the Cotton Corporation of India and the Jute Corporation of India.

The Commission will determine its own procedures. It will be free to call for notes, memoranda, results of studies, data and any other material relevant to its work from official and non-official bodies, and hold discussions with them.

The Commission will submit reports to Government as and when necessary in respect of different commodities or groups thereof.

Secretary to the Government of India

(Sd.)
(M.S. SWAMINATHAN)