AGENDA NOTES FOR THE MEETING TO DISCUSS IMPLEMENTATION OF THE RSHTRIYA KRISHI VIKAS YOJANA DURING 12TH FIVE-YEAR PLAN

SCHEDULED TO BE HELD AT 10.00 AM ON 18TH APRIL 2013

AT SHINDE SYMPOSIUM HALL, NASC COMPLEX, DEV PRAKASH SHSTRI MARG, PUSA, DELHI

The National Development Council (NDC), in its meeting held on 29th May, 2007 resolved to initiate a special Additional Central Assistance Scheme viz. Rashtriya Krishi Vikas Yojana (RKVY). The purpose behind this programme was to encourage States to draw up District and State agricultural plans and also increase their own spending on the sector so as to reorient agricultural development strategies for rejuvenating Indian agriculture during the Eleventh Plan (2007-12). Now while there has been 6 years since its launch following are some of the issues on which consultation is required:

1. The experience of the States in implementation of the programme so far and the comments of the States on its implementation during 12th Plan. **Annexure-I** summarises the proposals for implementation of RKVY during 12th Five Year Plan.

2. How to improve implementation of the Comprehensive District Agriculture Plan? (Ref. Para 1 on Page 4 Annexure II)

3. Should minimum standard of State Agriculture Universities be a pre-condition for RKVY allocation (Ref. Para4 on Page 4 Annexure II) ?

The Background material enclosed include:

- The proposals for implementation of RKVY during 12th Five Year Plan at **Annexure I**

- Some comments / recommendations in the 12th Plan document on RKVY at **Annexure II.**

- Observations on the experience of the RKVY so far at **Annexure-II**.

- A brief background note at **Appendix** giving salient feature of the current programme.

***

ANNEXURE I

RKVY IN 12TH PLAN

It is proposed RKVY will have three channels/streams

A. RKVY (Production Growth) – 40% of annual outlay.
B. RKVY (Infrastructure & Assets) – 40% of annual outlay.
C. RKVY (Special Schemes) – 20% of annual outlay.

A. RKVY (Production Growth)

States can take up any projects under production growth channel to raise production and productivity in agriculture and allied sectors which are not included in the other two schemes. This may include all food crop activities, including distribution of agricultural inputs, extension activity, soil health, plant health & IPM activities, production & distribution of seeds, watershed developments, micro irrigation, animal husbandry, dairying, piggery, goatery, livestock activities, training and skill development of stakeholders etc. Projects proposed under RKVY (Production Growth) shall normally emanate from the District and State Agriculture Plans.

B. RKVY (Infrastructure & Assets)

RKVY (Infrastructure and Assets) will include projects that will be selected on the basis of normative requirement of infrastructure, actual availability thereof and the gap in agriculture infrastructure in the State. State Governments will also determine sectorial classification for investment requirement for infrastructure in public, public-private and private sectors and accordingly work out financial support for funding gaps in infrastructure taking into account viability gap for private and public-private partnership projects. Each State will be required to prepare its State Agriculture Infrastructure Development Programme (SAIDP). This stream will normally include projects like setting up of laboratories and testing facilities, storage including cold-storages, mobile vans, agricultural marketing etc.

C. RKVY (Special Schemes)

1. There will be a stream for reserving funds for special sub-schemes/ interventions launched/ to be launched by the Government of India under RKVY umbrella. 20% of overall RKVY funds in a year would be available for such special schemes. Each of these sub-schemes will be made applicable to States considered appropriate for the same by Government of India and allocation criterion for the funds earmarked for each of such sub-schemes will be as specified in guidelines of respective sub-schemes.

2. In the event of any savings in the aggregate amount earmarked for such special sub-schemes the remaining amount will be allocated as additionality to RKVY.

State Level Project Screening Committee

All States will constitute a State Level Project Screening Committee (SLPSC) headed by Agriculture Production Commissioner or any other officer nominated by Chief Secretary to screen all project proposals to ensure conformity with RKVY guidelines and that they flow from SAPs/DAPs besides being consistent with the cost norms prescribed by Central Government/State Government etc.

Eligibility criteria and formula for allocation of funds

The eligibility criteria based on baseline level of expenditure and preparation of C-DAPs and formula for allocation of funds will continued to be followed during 12th Five Year Plan also on the lines of the 11th Plan. However, any State which provides 7% or more of its plan expenditure to the agriculture and allied sector will be considered eligible for RKVY funding irrespective of the meeting of baseline level of expenditure in the previous year. Still all the States will have meet the c-DAP condition.

***

ANNEXURE II

SOME ISSUES RAISED IN THE 12TH FIVE YEAR PLAN CONCERNING RASHTRIYA KRISHI VIKAS YOJANA

1. Preparation of Comprehensive District Agriculture Plans (C-DAPs) has been a weak area in many states, partly due to lack of capacity at district/State level. Although there are reservations regarding quality and effective capability of district level planning and project design, this was an original NDC intention and must be fully implemented during 12th Plan. At least 25% of projects sanctioned by SLSCs should originate from the district level, preferably approved by District Planning Committees. For the purpose, suitable units can be formed involving ATMA/KVK/SAU and any other technical support unit that States may specify. It is necessary to see decentralized planning as an iterative planning-doing-learning-planning cycle rather than simply a one-time activity. The challenge is to institutionalize this process and ensure that the agency facilitating planning is also accountable for the outcome.

2. A detailed impact assessment of the scheme is needed for further experience and learning. Moreover, two modifications are desirable in the present practice.

  a. First, there should be a proper committee to examine and vet all projects proposed to the SLSC.

  b. Second, that at least this vetting committee or even the SLSC work closely with, and preferably be coterminous with, state level bodies that select MoRD projects, particularly for watershed development. This would permit better convergence and better project selection.

3. Many States have requested changes in the allocation criteria of RKVY and some have reservations to opening of new windows within the RKVY. A decision has also been taken that at least 40% of RKVY spending should be on hard infrastructure spending. The States may give their views on the implementation of national schemes under RKVY and spending at least 40% of RKVY on infrastructure.

4. New SAUs continue to be created, especially in animal husbandry, which lack adequate staff, have little infrastructure and are grossly underfunded. Emphasis has to be laid on arresting proliferation and improving especially in core disciplines like modern biology, to ensure a steady supply of quality human resources. ICAR should specify minimum standards, and meeting these standards could be an eligibility condition for States to get RKVY funding.

5. Therefore, RKVY design needs to be seen in the context of many pending key reforms. Despite efforts by the Central Government, progress in agricultural marketing, extension and cooperative reforms continue to be sluggish. Delivery of services has not been efficient due to lack of staff at various levels. State Agricultural Universities (SAUs) need greater funding support from the State Governments. Inadequacy of agricultural infrastructure hampers achievement of growth potential of the agriculture sector. During 12th Plan RKVY will

need to be re-oriented to facilitate such market reforms, higher expenditure on SAUs and for infrastructure development, besides emphasising effective formulation and implementation of District Agriculture Plans. These could be incorporated by changing the current eligibility conditions and allocation formula for RKVY. In the present meeting views of all States are requested before these changes in RKVY are proposed to Cabinet.

Some Additional suggestions in 12th Plan Document

6. The 12th Plan Working Group on Disadvantaged Farmers, including Women has provided evidence-based assessment of the ground situation. New insecurities of tenure from urbanisation and industrialisation are impacting small farms which are efficient but lack adequate access. Its main recommendation is that a collective approach should be promoted in agriculture for small and women farmers at all points of the value-chain. It cites many successful examples that stretch from the Gambhira farmer's collective in Gujarat, initiated in 1953 and still going strong, to several initiatives of women's group farming in Andhra Pradesh such as one initiated by Deccan Development Society in 1989 and another initiated by a UNDP-GoI project in 2001 and sustained since 2005 by the Andhra Pradesh Mahila Samakhya (APMSS). The most recent success story is the Collective Farming initiative launched in 2007 under Kudumbashree jointly by Kerala Government and NABARD. Success of these in increasing production and empowering women point to a need for States to experiment with (i) channelizing NGO strength in mobilizing people to encourage small holders to shift from an individual to a group oriented approach; and (ii) facilitating land access by groups of disadvantaged farmers with appropriate arrangement for provision of inputs, including credit. Financing such experiments should be permissible under RKVY.

7. A Working Group set up by the Planning Commission has suggested that, except distribution of homesteads to the homeless which should have the highest priority, future government land distribution should be to groups of landless and women farmers rather than to individuals. This could take the form of long-term lease which would expire if the group broke down, for which it would be necessary to legalise tenancy at least for this purpose. Moreover, an innovative suggestion of both this Working Group and another Working Group on Marketing is to set up Public Land Banks (PLB) at Panchayat level. Landowners could 'deposit' uncultivated land and receive regular payments from the PLB varying by period of deposit and rents actually obtained with the guarantee that this 'deposit' can be withdrawn with suitable notice. The PLB could then lease out to small and women farmers or their collectives. A form of 'limited' tenancy aimed at fuller agricultural use of available farm land and to slow down speculation in such land for future non-agricultural use, this idea excludes leasing to corporate entities. However, to set up PLBs will require some initial seed capital and a clear legal framework. If States provide the legal

framework and the necessary guarantees, the seed capital could also be permissible under RKVY. The states may give their views on this suggestion.

8. To augment the current government efforts in agricultural development by leveraging the capabilities of the private sector, Public Private Partnership for Integrated Agriculture Development has been recently launched under RKVY. The idea is to leverage corporate interest and marketing solutions to part-finance mobilisation of expertise to form FPOs and infuse technology and capital to enhance farm production and value addition. This is in line with views of various Working Groups, and needs to be piloted. But since this will in effect be public subsidy to contract farming, it is necessary to be clear on what should and should not be subsidised. First, project selection should go beyond where contract farming would normally occur; i.e. give priority to proposals involving FPOs composed mainly of small and marginal farmers in less accessible and rain-fed locations. Second, tangible assets that are property of the corporate partner cannot be subsidised by RKVY. Only stand-alone assets of farmers or their FPOs should be subsidised. Third, a transparent project selection mechanism will be required to rank proposals, e.g. by assigning marks based on States' priorities to deliverables offered, with outcome indicators for subsequent monitoring. If this works, it might be a game changer, not only to form FPOs and widen farm-industry linkage but also to fast-track desirable changes in cropping patterns.

***

ANNEXURE III

THE EXPERIENCE SO FAR

Allocation and Releases under RKVY during the 11th Plan Period.

Allocation for RKVY during the 11th Five-Year Plan was Rs.25000 crore. The actual year-wise position of the budgetary allocation, release and utilization of funds is given in the Table below:

(Rs. in crore)

Year	Allocation	Release	Utilization
11TH FIVE-YEAR PLAN			
12th Plan Total	**25000.00**		
2007-08	1489.70	1246.89	1246.39
2008-09	3165.67	2886.80	2686.15
2009-10	3806.74	3760.93	3756.51
2010-11	6722.00	6720.08	6712.19
2011-12	7810.87	7794.09	6664.14
TOTAL	**22994.98**	**22408.79**	**21247.78**
12TH FIVE -YEAR PLAN			
12th Plan Total	63246.00		
2012-13	9217.00	7066.24	
2013-14	9954+37 (UTs)		

State wise details of outlay and expenditure are given at **Annexure-IV.**

Following are some of findings of an NIRD study and observations on implementation of the RKVY so far:

POSITIVES

1. RKVY has been preferred by the States for its inbuilt flexibility in selecting State specific interventions.

2. One objective of RKVY during 11th Five Year Plan was incentivising States to increase expenditure on agriculture and allied sectors. State plan expenditures (excluding RKVY receipts) as percentage of GDP in agricultural and allied increased from 1.0% in 10th plan to 1.4% in the 11th plan. State plan expenditures on Agriculture and Allied Sectors (excluding RKVY) have also increased as percentage total plan spending by States, from about 5% during 10th plan to over 6% during 11th plan indicating some success in motivating States to pay greater attention to agriculture, besides providing increased Central assistance for the sector.

3. RKVY as assistance was particularly useful for the funds starved Animal Husbandry, Dairying and Fisheries sectors. Projects amounting to over Rs.

5000 crore were sanctioned under RKVY for these sectors during 11th Plan, which is about 20% of the total sanctioned RKVY projects, and more than spending on DAHD's schemes.

CONCERNS/ ISSUES

4. States have not been able to balance investments in growth oriented projects and projects for development of agricultural infrastructure. Infrastructure development, by the states was not found to be according to any definite vision or plan. One of the reasons could also be annual budget utilization framework which is not very suitable for financing infrastructure projects.

5. Increasing number of special schemes under the RKVY window, where the States' flexibility is compromised, need a relook to determine what percentage of RKVY funds, if any, should be committed to such special schemes.

6. Lack of focused approach – priority areas given a miss due to thin spread of resources across all sectors and amongst all districts of the state.

7. Comprehensive District Agricultural Plan (C-DAPs) & State Agriculture Plans (SAPs) were prepared by all the States to determine priorities and identify gaps in development of agriculture and allied sectors. It was assumed that States would prepare projects under RKVY in line with the identified gaps and priority areas of development. In many instances these were not adhered to.
8. Flow of funds to implementing agencies was found to be a tedious and lengthy process despite State Governments receiving the funds well in time.

9. Quality of Detailed Projects Reports (DPRs) leaves much to be desired. In many cases they are anything but detailed. Often the implementing agencies are unable to qualify outputs and outcomes of the Projects.
10. State Level Sanctioning Committees (SLSC) under the Chief Secretary is unable to devote adequate time for detailed discussion of the projects before it for approval. In many States prior scrutiny is not done thus compromising on the quality of the projects sanctioned by the SLSC

11. Some states have used RKVY funds without exhausting provisions available under different schemes of GOI. This may be so as States might be finding accessing RKVY funds less tedious than accessing GOI funds under other schemes. States are thus losing out on additional finance available from GOI.
12. Despite a robust web based MIS put in place by the Ministry, State Governments have faltered in providing real time report on the progress made, especially physical progress and impact.

***

ANNEXURE IV

Statement Showing allocation release and expenditure of the State under RKVY during the 11th Plan. (Rs. In Crore)

Sl. No	Name of the State/UT	TOTAL 11TH PLAN			2012-13		
		Allocation	Release	Expenditure	Allocation	Release	Expenditure
1	Andhra Pradesh	1940.89	1934.74	1934.74	601.98	577.79	283.51
2	Arunachal Pradesh	73.17	57.51	57.51	40.31	20.37	0.00
3	Assam	730.89	668.62	667.12	399.57	399.57	233.31
4	Bihar	1211.11	1239.02	1201.94	724.01	687.39	346.70
5	Chhatisgarh	1000.37	1022.58	1012.68	581.12	480.44	206.56
6	Goa	81.93	33.55	33.55	62.43	35.27	0.00
7	Gujarat	1552.22	1583.50	1583.50	586.87	564.24	382.11
8	Haryana	583.55	577.46	553.33	199.49	118.23	56.42
9	Himachal Pradesh	260.30	259.09	244.52	73.48	28.17	27.60
10	Jammu & Kashmir	330.26	203.50	170.34	112.08	60.44	0.00
11	Jharkhand	519.93	426.58	425.76	241.55	185.84	57.80
12	Karnataka	1778.47	1758.37	1736.53	586.52	360.27	216.16
13	Kerala	598.72	528.92	521.51	282.26	156.10	94.13
14	Madhya Pradesh	1490.96	1452.66	1411.57	448.13	348.13	187.28
15	Maharashtra	2199.74	2182.80	2182.80	1025.81	891.56	544.67
16	Manipur	58.41	44.51	44.51	52.94	31.85	0.00
17	Meghalaya	105.99	104.38	104.38	105.34	22.68	0.00
18	Mizoram	51.59	41.18	34.91	200.91	181.16	96.89
19	Nagaland	94.50	81.31	81.31	85.75	85.75	51.75
34	Orissa	914.88	907.59	894.26	503.10	374.99	215.05
21	Punjab	488.59	491.79	452.58	146.93	36.73	0.00
22	Rajasthan	1749.06	1795.73	1795.73	363.09	305.37	144.18
23	Sikkim	56.07	54.94	50.21	29.47	15.21	0.00
24	Tamil Nadu	1015.26	1004.97	948.56	659.68	413.79	214.54
25	Tripura	204.84	193.63	193.63	56.43	49.86	16.50
26	Uttar Pradesh	2216.87	2269.63	2269.63	432.26	241.77	0.00
27	Uttarakhand	256.88	240.16	160.05	44.36	8.21	0.00
28	West Bengal	1308.43	1172.32	1172.32	464.81	369.99	134.50
	Total States	**22717.14**	**22331.04**	**21939.48**	**9110.68**	**7051.17**	**3509.66**
29	A & N Islands	28.16	3.54	0.01			
30	Chandigarh	6.12	0.56	0.00			
31	D& N Haveli	1.15	0.00	0.00			
32	Daman & Diu	1.72	0.26	0.00			
33	Delhi	4.75	0.34	0.00			
34	Lakshadweep	23.12	7.23	6.04			
35	Pudducherry	10.49	0.40	0.40			
	Total UTs	**75.49**	**12.33**	**6.45**			
	District Agri Plan	60.72	0.00	0.00			
	Admn Contingency etc.	141.63	65.40	1.03			
	Grand Total	**22994.98**	**22408.77**	**21946.96**			

APPENDIX

RASHTRIYA KRISHI VIKAS YOJANA – A BACKGROUND NOTE

The National Development Council (NDC), in its meeting held on 28th May, 2007 resolved to initiate a special Additional Central Assistance Scheme viz. Rashtriya Krishi Vikas Yojana (RKVY). The purpose behind this programme was to encourage Stats to draw up District and State Agricultural plans and also increase their own spending on the sector so as to reorient agricultural development strategies for rejuvenating Indian agriculture during the Eleventh Plan (2007-12).

Objectives.

2. RKVY aimed to achieving 4% annual growth in the agriculture & allied sector during the XIth Plan period, by ensuring a holistic development in this sector. Its main objectives as listed in the scheme guidelines are:

i) To incentivize the states so as to increase public investment in agriculture and allied sector.
ii) To provide flexibility and autonomy to the states in the process of planning and executing the schemes.
iii) To ensure preparation of agriculture plans for the districts and states based on agro-climatic conditions, availability of technology and natural resources.
iv) To ensure that the local needs / crops / priorities are better reflected in the agriculture plan of the state.
v) To achieve the goal of reducing yield gaps in important crops through focused intervention.
vi) To maximize returns to the farmers in agriculture and allied sector, and
vii) To bring about qualifiable changes in the production and productivity of various components of agriculture and allied sectors by addressing them in a holistic manner.

Eligibility Criteria.

3. Each state will become eligible to receive RKVY allocation, only if;

a) The base line share of Agriculture and allied sectors in its total State Plan (excluding RKVY funds) expenditure is maintained.
b) District Agriculture Plans and State Agriculture Plans have been formulated.

4. Base line level of expenditure will be determined on the basis of the average percentage of expenditure incurred under agriculture by the State Government in the State Plan during the three years prior to the previous year (excluding RKVY funds).

5. At the time of introduction of the scheme the base line was to be a moving average of the previous three years. However, since October 2007, the base line was operated to be the minimum of the last three years to ensure large participation of States in RKVY.

APPENDIX CONTD

Fund Allocation Criteria.

6. The States are allocated funds based on following three parameters:

- Percentage share of net un irrigated area in a state to the net un irrigated area of the eligible states – 20%
- Projected growth in State's GSDP for agriculture and allied sectors over the base year (i.e. figures for which are available) by the end of the 11^{th} Plan by the States- 30%
- Increase in the total Plan expenditure in Agriculture and allied sectors in the previous years over the year prior to that year – 50%

7. RKVY funds are available to the States in two streams. I) Stream I which accounts for at least 75% of the allocation for specific projects / schemes / programmes as approved by the State Level Sanctioning Committee and in the line with the priorities defined in the district and state plans, II) Stream II which accounts for the remaining 25% of the allocation for strengthening the existing state schemes and for filling resources gaps under the State Plans.

Sanctioning Procedure

8. Projects are sanctioned by a State Level Sanctioning Committee (SLSC) under the chairmanship of the Chief Secretary and with representation of all concerned departments including agriculture universities. The SLSC is responsible for:

- Sanctioning the projects under Stream I of RKVY
- Monitoring the progress of the sanctioned projects.
- Ensuring that no duplication of efforts and resources takes place
- Commissioning / Undertaking field studies to monitor the implementation of the projects.
- Initiating evaluation studies from time to time, as may be required
- Undertaking any other project of importance to the State's agricultural growth
- Ensuring that there are no inter district disparities with respect to financial patterns/subsidy assistance in the projects.

SLSC can meet as often as required but at least once in a quarter.

Areas of Focus under RKVY

9. An indicative list of focus areas have been provided for in the RKVY guidelines. Some of the areas covered were:

- Integrated development of major food crops such as wheat, paddy, coarse cereals, minor millets, pulses and oilseeds
- Agricultural Mechanization
- Activities related to enhancement of soil health
- Development of rainfed farming systems
- Support to State Seed Farms
- Integrated Pest Management

- Strengthening of Market Infrastructure
- Extension Serves
- Animal Husbandry and Fisheries
- Promotion of Horticulture

The States were, however, free to choose other components / activities, but ensure that they were reflected in the District and the State Plans.

Schemes of National Importance.

10. Though not provided for in the original guidelines, schemes of national importance, commonly known as Sub Schemes were introduced in RKVY since 2010-11. These schemes are formulated and monitored by the concerned subject divisions in DAC but implemented through the States on more or less on the Centrally Sponsored Scheme mode with 100% central grant. The implementations of sub schemes have helped in focusing efforts of the Centre and the States in areas that require special attention.

11. The sub-schemes implemented so far are the following:

1. Oil seeds & Pulses villages
2. National Mission for Protein supplements
3. Oil Palm (OPAE)
4. Vegetable clusters
5. Nutri-cereals(INSIMP)
6. Accelerated Fodder Development Programme
7. Rainfed Area Development Programme (RADP)
8. Oilseed & Pulses villages
9. Saffron Mission
10. Vidhrabha Intensive Irrigation Development Project

12. The allocations for the sub-schemes have been as follows:

Year	Total Allocation	Sub-Schemes	% allocation for sub-schemes
11^{TH} FIVE-YEAR PLAN			
12^{th} Plan Total	**25000.00**		
2007-08	1489.70	-	
2008-09	3165.67	-	
2009-10	3806.74		
2010-11	6722.00	700.00	10%
2011-12	7810.87	2500.00	32%
TOTAL	**22994.98**		
12^{TH} FIVE -YEAR PLAN			
12^{th} Plan Total	63246.00		
2012-13	9217.00	2675.00	29%
2013-14	9991.00		

APPENDIX CONTD

Public Private Partnership for Integrated Agricultural Development (PPPIAD).

13. To augment the current government efforts in agricultural development by leveraging the capabilities of the private sector, Public Private Partnership for Integrated Agriculture Development has been recently launched under RKVY. The scheme envisages facilitating large scale integrated projects, led by private sector players in the agriculture and allied sectors, with a view to aggregating farmers, and integrating the agriculture supply chain with financial assistance through RKVY.

Activities Taken up under RKVY

14. State Governments, keeping in view their priorities, have approved project proposals for implementation under RKVY in wide ranging sectors which include crops, horticulture, organic farming, farm mechanization, micro irrigation, watershed development, marketing, storage, dairy development, fisheries etc. Critical infrastructure such as State Seed Farms, Soil and Fertilizers Testing Labs, etc. have received substantial support under RKVY.

***