

Agenda Note

Interactive Meeting to Review the Implementation of Rashtriya Krishi Vikas Yojana (RKVY)

30.7.2008

**National Agriculture Science Centre,
Pusa Complex, New Delhi**

**Ministry of Agriculture
Department of Agriculture & Cooperation
Rashtriya Krishi Vikas Yojana (RKVY) Cell**

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Rashtriya Krishi Vikas Yojana (RKVY) Cell**

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**Agenda Note for the Interactive meeting with State
Government on Rashtriya Krishi Vikas Yojana (RKVY) on
30.07.2008 at NASC, Pusa Complex, New Delhi**

1 Background

1.1 Agriculture is the mainstay of the Indian economy and constitutes the backbone of the rural livelihood security system. In the backdrop of the inadequate public investment in agriculture sector and declining agricultural growth rate, the National Development Council (NDC), in its 53rd meeting on agriculture and related issues held on 29th May, 2007, resolved to launch a State Plan Scheme of Additional Central Assistance (ACA) for agriculture and allied sectors to reverse this trend.

2 Approval of New Scheme:

2.1 A new scheme on Additional Central Assistance Scheme (ACA) for agriculture & allied sectors, namely, the Rashtriya Krishi Vikas Yojana (RKVY) was approved by the Government on 16.8.2007 with an envisaged outlay of Rs.25,000 crore during the 11th Five Year Plan.

3 Objectives

3.1 The broad objectives of Rashtriya Krishi Vikas Yojana (RKVY) are:

- i) To incentivize the States to increase public investment in agriculture and allied sectors;**
- ii) To provide flexibility and autonomy to the States in the process of planning and executing agriculture and allied sector schemes;**
- iii) To ensure the preparation of Agriculture Plans for the districts and the States based on agro-climatic conditions, availability of technology and natural resources;**
- iv) To achieve the goal of reducing the yield gaps in important crops through focused attention;**

- v) To maximize returns to the farmers in agriculture and allied sectors;**
- vi) To ensure that the local needs/crops/priorities are better reflected in the agricultural plans of the States; and**
- vii) To bring about quantifiable changes in the production and productivity of various components of agriculture and allied sectors by addressing them in a holistic manner.**

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

4 Area of focus under the Rashtriya Krishi Vikas Yojana (RKVY)

4.1 The indicative list of components/activities which would be eligible for assistance under RKVY Scheme is indicated below:

- (i) Integrated development of major food crops such as wheat, paddy, coarse cereals, minor millets, pulses, oilseeds**
- (ii) Agriculture mechanization**
- (iii) Activities related to enhancement of soil health**
- (iv) Development of rainfed farming systems in and outside watershed areas, as also integrated development of watershed areas, wastelands, river valleys**
- (v) Support to State seed farms**
- (vi) Integrated Pest Management**
- (vii) Encouraging non-farm activities**
- (viii) Strengthening of Market Infrastructure and marketing development**
- (ix) Strengthening of Infrastructure to promote Extension Services**

- (x) Activities relating to enhancement of horticultural production and popularization of micro irrigation systems**
- (xi) Animal husbandry and fisheries development activities**
- (xii) Special schemes for beneficiaries of land reforms**
- (xiii) Undertaking concept to completion projects**
- (xiv) Grant support to the State Government institutions that promote agriculture/horticulture**
- (xv) Study tours of farmers**
- (xvi) Organic and bio-fertilizers**
- (xvii) Innovative schemes**

5 Nature of Scheme

5.1 RKVY Scheme is a State Plan scheme administered by the Union Ministry of Agriculture over and above its existing Centrally Sponsored and Central Sector Schemes. The funds under the scheme are provided to the States as 100% grant.

6 Eligibility Criteria

6.1 States are required to maintain, or exceed, the base line share of agriculture and allied sectors in their total State Plan expenditure to be able to access the funds under the RKVY. The base line is the moving average of the share of expenditure in the agriculture and allied sectors in the State Plan during the previous three years.

6.2 The State Governments are also required to:

- (i) Formulate a District Agriculture Plan (DAP) for each district that fully utilizes resources**

available from all existing schemes, State or Central, including resources at the district level from schemes such as Backward Region Grant Fund (BRGF), Swarnajayanti Gram Swarozgar Yojana (SGSY) and National Rural Employment Guarantee Scheme (NREGS). The District Agriculture Plan will include livestock and fisheries and be integrated with minor irrigation projects, rural development works and with other schemes for water harvesting and conservation.

- (ii) Prepare a State Agriculture Plan (SAP), based on the District Agriculture Plans, aimed at achieving the State's agricultural growth objective, keeping in view the sustainable management of natural resources and technological possibilities in each agro-climatic region.

7 Allocation of Funds

7.1 The allocation by the Central Government under the scheme to each of the eligible States would be based on the following parameters and weights:

Sl.	Parameter	Weight
1.	The percentage share of net un-irrigated area in a State to the net unirrigated area of the eligible States.	20%
2.	The proportion of the projected Gross State Domestic Product (GSDP) for agriculture and allied sectors of the State to the GSDPs to be attained by the end of the 11th Plan by the States.	30%
3.	Increase in the total State Plan expenditure in agriculture and allied sectors in the previous year over the year prior to that year.	50%

8 Distribution of funds

8.1 The distribution of the funds among the States will be in two Streams:

- (i) **Stream-I: A minimum of 75% of the RKVY allocation will be for specific projects/schemes/programmes approved by a State Level Sanctioning Committee (SLSC) with the Chief Secretary of the State Government as Chairman and representatives from different Departments of the State Government concerned as Members. There are also officers from the Central Government, not below the rank of Joint Secretary, representing the Department of Agriculture & Cooperation, Department of Animal Husbandry, Dairying and Fisheries and Planning Commission as Members. The quorum of the SLSC meeting would not be complete without the presence of at least one representative from the Government of India.**
- (ii) **Stream-II: Up to 25% of the total RKVY allocation to a State will be for strengthening existing State sector schemes and implementing the District Agriculture Plans and the State Agriculture Plan. The purpose of the RKVY Scheme under this stream would be to fill the gaps in resources for such District/State Agriculture Plans.**

8.2 Depending upon the State's needs, a State may choose to use its entire allocated RKVY funds under the Stream-I only. In that event 100% of the RKVY funds can be utilized for the Stream-I. However, the reverse is not permissible, that is, a State cannot choose to lower its Stream-I allocation below 75%.

9 Release of Funds

Stream I

9.1 50% of the funds will be released as first installment to the State, upon the receipt of the Sanction Letter issued by the SLSC. 40% of the funds will be released when a physical progress of at least 50% of the milestones is informed to the Department of Agriculture and Cooperation and the remaining 10% of the funds will be released when the Project is completed

and field verification is done by a designated agency of the Government of India.

Stream II

9.2 Assistance under the Stream II will be released to the States in two equal installments. 50% of the Central allocation will be released as first installment to the States at the commencement of the Kharif Season, in April. The release of the second and final installment would be considered on the fulfillment of the certain conditions.

9.3 The permissible carry over of unspent balance would be 10% of the Central allocation. Any excess over the permissible limit of 10% carry over will be adjusted in the second installment.

10 Nodal Department

10.1 The State Agriculture Department will be the nodal Department for the scheme. However, in order to implement the RKVY Scheme on a fast track, funds can be released directly by the Centre to the Nodal Agency as notified by the State Nodal Department.

11 Financial Performance

11.1 The utilization of the budget was 98.78% during 2007-08, with releases of Rs. 1,247.59 crore against the available funds of Rs. 1,263 crore under the RKVY.

11.2 For the current fiscal an outlay of Rs 3165.67 crore has been approved under the RKVY. Funds to tune of Rs 350.15 crore has been released under Stream II to all eligible States and Rs 6.30 crore for preparation of DAPs to five States and two UTs.

11.3 Details of funds allocated and released, State wise, under RKVY during 2007-08 and 2008-09 are indicated at Annexures I and II respectively.

12 Amendments in the guidelines

12.1 In view of the experience of implementation of the Scheme and the interaction with States / UTs during reviews, following amendments to the RKVY guidelines have been approved by the Competent Authority:

I. The eligibility criteria under RKVY have been made more broad-based. Under para-2.3 of the RKVY guidelines following special dispensation for the purpose of calculating the baseline expenditure under agriculture and allied sectors in the State Plan for determining the eligibility criteria under the RKVY has been made:

a. Expenditure on shallow Tube Well (STW), Deep Tube Well (DTW), Drip Irrigation (DI), Sprinkler Irrigation (SI) and Dug Wells (DW) or other similar small irrigation activities which are budgeted under Agriculture Department of the State shall be taken into consideration;

b. Authenticated figures of expenditure by the Panchayati Raj Institutions (PRIs) / Administrative Units on agriculture and allied activities shall be taken into consideration;

c. In order to enable the State which has an External Aided Projects (EAPs) or similar other project, the State may exclude such expenditure from agriculture and allied sector's as well as from the total plan expenditure beginning from 2003-04, the first year from which the baseline is reckoned for working out the eligibility criteria; and

d. The Non-Plan items of expenditure may be worked out retrospectively and excluded beginning from 2003-04 onwards.

While reworking their outlay / expenditure on agriculture and allied sectors for the purpose of the RKVY, the States would have the option to adopt any of the dispensations (a) to (d) mentioned above but would not include expenditure on irrigation (except as mentioned in sub-para-a), debt relief to

farmers, power to farmers and other one time relief measures to farmers. The dispensation opted for by the State shall be observed throughout the Plan period and no change from the stand once taken by the State shall be allowed.

II. Under para-6 (relating to State Level Sanctioning Committee), Director level officer(s) from Government of India can attend the SLSC Meetings to complete the quorum in the absence of Joint Secretary level officer if the agenda of the SLSC meeting is to review / monitor the implementation of the projects under RKVY.

III. The following new para will be added at the end of the guidelines.

Constitution of the Committee under Chairmanship of Agriculture Production Commissioner

A Committee under the Chairmanship of the Agriculture Production Commissioner shall be constituted which would *inter-alia* review the implementation of RKVY on a monthly basis and submit reports to the SLSC. Further, it would also finalize the agenda for the SLSC meeting and any other work(s) assigned by the SLSC from time to time.

13 Some observations on implementation of RKVY

13.1 RKVY is a quantum jump in evolution from the variegated schematic approach followed so far through diverse but strait-jacketed schemes, to a completely new approach in agriculture planning by allowing the States to first plan a strategy and then design the schemes to meet that strategy by providing variety and flexibility in scheme design.

Quick Roll Out

13.2 Starting from the NDC resolution on 29.05.2007, RKVY was operationalized in a fast track mode, obtaining the necessary approvals and bringing out the

guidelines within a record time of three months. Five Zonal Conferences held in November, 2007 helped in a fast roll out and the first SLSC meeting was held in Karnataka on 26th November, 2007.

Enthusiastic Response

13.3 The scheme has evoked an enthusiastic response from the States. In a short span of five months (November'07 to March'08), as many as 22 States held SLSC meetings.

Encouraging State Plan Investment in Agriculture

13.4 There are definite indications that RKVY has motivated the States to invest more in agriculture and allied sectors. The data available with the Planning Commission shows that the States have increased their Plan outlay in the sector during 2007-08 (RE) vis-à-vis expenditure during 2006-07. For example, the following States provided an additional outlay for agriculture and allied sectors in the State Plan during 2007-08 at RE stage vis-à-vis actual expenditure incurred during 2006-07:

S. No.	State	Additional outlay (Rs. crore)
1.	Karnataka	683.13
2.	Uttar Pradesh	654.69
3.	Andhra Pradesh	224.79
4.	Tamil Nadu	224.78
5.	Gujarat	203.12
6.	Rajasthan	179.89
7.	Assam	169.59
8.	Chattisgarh	159.24
9.	Bihar	154.56
10.	Madhya Pradesh	116.77

Shaping a Cohesive Strategic Approach towards Agriculture

13.5 Preparation of the District Agriculture Plans (DAPs) and the State Agriculture Plan (SAP) is the cornerstone of the strategy of implementation of RKVY. It is not an easy task, given the compartmentalized functioning of the Departments in the agriculture and allied sectors in the States. As RKVY was implemented from the middle of the financial year 2007-08, the finalization of DAPs was not insisted upon, but the States were asked to delineate a roadmap for their preparation. Even so, SAPs prepared by the States during 2007-08, though not comprehensive, clearly reflected a well thought out strategy by the State Governments for their agriculture sector, bringing out the pressing concerns of the States' agricultural scenario, and the effort to address them through appropriately chosen schemes under RKVY, dovetailing them with other available schemes. The funds were allocated over a range of activities. Agriculture infrastructure, which had been neglected for long, was the focus of attention by the States under Stream-I schemes, with a total share of about 54%. These include projects for micro/minor irrigation (23%), watershed development (11%), agriculture marketing and storage (10%), seed farms and soil/fertilizer testing laboratories (10%). The other major areas were animal husbandry (10%), extension and research (7%), horticulture (6%), crop production programme (5%), farm mechanization (4%), fisheries (3%) and others (11%).

13.6 Gujarat focused on watersheds, while Karnataka, Madhya Pradesh and Maharashtra undertook construction of farm ponds. Tamil Nadu expanded its successful experimentation with precision farming. Andhra Pradesh and Karnataka devoted substantial resources in the field of extension services, with an emphasis on research activities by Karnataka. Bihar's neglected Animal Husbandry sector took up much needed activities. Critical infrastructure such as State Seed Farms, Soil and Fertilizer testing laboratories, starved over the years due to paucity of funds, got a much needed dose of assistance across the States.

13.7 States of Himachal Pradesh, Punjab, Bihar have prepared the DAPs. In States of Andhra Pradesh Karnataka, Kerala and Maharashtra they are at an

advanced stage of finalization. Other States have also assured to complete this process, within the next three to six months. The manual for preparation of Comprehensive District Agriculture Plan (C-DAP) prepared by the Planning Commission has already been circulated to the States for compliance and it has also been placed on the Department's website.

Re-aligning Structures for Coordinated and Synergistic Functioning

13.8 The RKVY is encouraging a re-alignment of existing institutions and structures for maximizing output. An impressive trend has been to bring the research institutions closer to the planning and implementing machinery of the Departments in agriculture and allied sectors. The Vice Chancellors of State Agriculture Universities (SAUs) are members of the SLSC. While in Karnataka the Universities of Agriculture Sciences at Bangalore and Dharwad took the lead in preparing the project proposals under RKVY, in many other States the SAUs have made contributions in project conceptualization and also undertaken projects. Research is being brought closer to implementation. Sustenance of this trend would re-invigorate linkages between research institutions and implementation machinery, accelerating the pace of transfer of technology and innovation with beneficial results for agricultural productivity.

13.9 Over the past few decades, the agricultural sector has got fragmented and compartmentalized and there is little interaction among Departments such as Agriculture, Animal Husbandry, Fisheries, Horticulture, Land Resources, Minor Irrigation, Soil and Water Conservation and Cooperation. The RKVY has not only got these sectors competing for resources, but also brought them together in the SLSC. There is recognition of the need to allocate resources and undertake implementation in coordination based on identified priorities. This calls for working together of these Departments under a senior functionary. The post of Agriculture Production Commissioner (APC), which had become redundant in many States, needs to be restored

to its pre-eminent position. The Agriculture Minister has suggested to the Chief Ministers that the post of APC should be revived and an officer of the rank of Chief Secretary should occupy it with adequate administrative and financial powers.

Re-kindling Hope

13.10 This new initiative in the agriculture sector has imparted momentum to the agriculture sector. Regular activities starved of resources, the promising strategies languishing for lack of support, the limited opportunities for experimentation and innovation, have a new hope in RKVY. Sectors such as extension are looking forward to badly needed assistance under RKVY. The implementation machinery in the States is trying to cope with a higher pace of activity. There is a sense of much that has to be done. There is hope and optimism. Agriculture, which had gone out of fashion, is making a comeback. One timely policy instrument- RKVY- has accelerated the revival of agriculture.

14 National Institute of Rural Development (NIRD) Observations:

14.1 NIRD has been appointed as the external monitoring agency for the RKVY. Accordingly, NIRD officials visited 17 States to oversee the implementation of the RKVY during 2007-08. Their main observations, inter-alia, are: (i) Department of Agriculture is the nodal department in all States and Commissioner / Director is the nodal officer and Agriculture Production Commissioner / Principal Secretary (Agriculture) is the overall incharge of the RKVY. No special arrangements have been made for implementation of RKVY at district level, (ii) Release of funds from States to implementing agency or districts has not been practically affected in the States, (iii) Need to devise project specific reporting formats and training to design and develop project based induction may be organized, (iv) Preparation of Comprehensive District Agriculture Plan (C-DAP) is the weakest area in most States. No specific policy Statement on "State priorities/focus for agriculture development" has been spelt out in any of the State

(barring the Agriculture Policy Document in Karnataka and broad milestone in Bihar), (v) 2007-08 proposals were basically to avail the allocated funds for the States under RKVY. Hence, the project proposals, by and large, emanated at the State level with very little inputs from districts. RKVY is seen as a 'project and not a National strategy' for enhancing the agricultural growth. Other areas of concern identified by NIRD are related to - a. Inadequate attention to dry land agriculture; b. neglect of allied sector projects; c. need for capacity building; d. role of panchayati raj institutions (PRIs); and e. weak extension machinery.

15 Agenda Items

15.1 The States are requested to indicate the status of the following:

- a) Status of formulation of District Agriculture Plan, indicating inter-alia the number of the districts for which such plans have been prepared and the expenditure reflected in these District Agriculture Plans (present status is at Annexure-III).**
- b) The manner in which Stream I Project proposals are being prepared, i.e., whether these originate from the Departments, the Districts or some other institutions (present status is given in the Statement at Annexure IV).**
- c) The break-up of the Stream I Projects into sub-sector like Agriculture, Animal Husbandry, Dairy, Fisheries, Soil and Water Conservation etc. (present status is indicated at Annexure V).**
- d) Updated financial and physical performance, Project-wise, under Stream I of the RKVY during 2007-08 (present status is indicated at Annexure VI).**
- e) Projects/schemes that have been strengthened with Stream II funds of RKVY during 2007-08 (present status is indicated at Annexure VII).**

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Annexure IV

**Preparation of Project proposals under Stream I by
different Agencies, State-wise**

S.N o.	State	Status
1	2	3
1	Himachal Pradesh	Stream I proposals are being prepared by the respective stakeholders Departments at district level, i.e., Horticulture, Animal Husbandry, Fisheries and other institutions such as KVK's, Regional Research Centres and SAUs on the basis of DAP's.
2	Punjab	Projects under Stream I are being prepared by the concerned Departments, i.e., these originate from both district as well as State level.
3	Bihar	At the district level a committee comprising of the District Agriculture Officer, District Horticulture Officer, District Animal Husbandry Officer, District Fisheries Officer/All Block Agriculture Officer/Junior Plant Protection Officer/Agriculture Engineer headed by District Collector has prepared the draft C-DAP which is named as the Road Map for Agriculture and Allied Sectors.

Note: Remaining States are requested to furnish the above mentioned information immediately.

Annexure VII**Projects/schemes strengthened with Stream II funds of RKVY during 2007-08****Himachal Pradesh****Rs****lakh**

S.N o.	Name of Project	Funds allocated
1	2	3
Agriculture		
1	Strengthening of State Pesticides Lab	16.50
2	Strengthening of Fertilizers/Soil testing labs	22.50
	Sub Total (a)	39.00
Soil & Water Conservation		
1	Assistance for Water conservation/water harvesting	187.00
	Sub Total (b)	187.00
Horticulture		
1	Protective Cultivation	115.00
2	Mechanization of Horticulture	54.995
3	Improvement of Plant/Soil health	10.995
	Sub Total (c)	180.90
	Grand Total (a + b + c)	405.72

Punjab**No projects undertaken under Stream II.****Bihar****No projects undertaken under Stream II.****Note: Remaining States are requested to furnish the above mentioned information immediately.**

