

Subject: Implementation of Rashtriya Krishi Vikas Yojana (RKVY)

1. Status during 2007-08 (Rs. 37.95 crore) –

The RKVY was implemented for the first time during 2007-08 by the Agriculture Department as the nodal department for this scheme. Based on the eligibility conditions the State received a sum of Rs 37.95 crore during 2007-08 as under –

(a) As per parameter 1 i.e. 20 % of the amount to be allocated on the basis of % share of un-irrigated area in the State to the total un-irrigated area of the eligible states, the State got a sum of Rs 8.91 crore.

(b) As per parameter 2 i.e. 30 % on the basis of projected GSDP for agricultural sector for a state at the end of 11th Five year plan as compared to agricultural GSDP for the country as a whole, the State got a sum of Rs 13.22 crore.

(c) As per parameter 3 i.e. 50 % on the basis of increase in the total plan expenditure in Agriculture and allied sectors in the previous year over the year prior to that year, sum of Rs 15.82 crore was allocated assuming increase in expenditure of Rs 65.73 Cr (Rs 135.70 Cr – Rs 69.97 Cr) incurred during 2006-07 against 2005-06. However the actual expenditure has risen to Rs 142.99 crore.

The amount was received in February, 2008 for the projects approved by SLSC. The [list of such projects](#) is enclosed herewith.

2. RKVY 2008-09 -

(1) **Eligibility** - The condition of eligibility for the year 2008-09 was that percentage expenditure in 2007-08 should be more than the average of the plan

expenditure for the year 2006-07, 2005-06 & 2004-05 in agriculture sector. The details of plan expenditure are as follows -

(Rs crore)

Year	Total Plan Expenditure	Expenditure on Agriculture & Allied Sectors	% age of expenditure on Agriculture & Allied Sectors out of Actual Plan Expenditure
2003-04	1585.81	65.42	4.13
2004-05	1955.93	51.55	2.64
2005-06	3754.67	69.97	1.86
2006-07	5751.83	142.99	2.49
2007-08 (Excluding RKVY)	4986.00	142.64	2.86
2008-09 (Excluding RKVY)	6110.00	202.52	3.31

The average of 2004-05, 2005-06 & 2006-07 is 2.33 % . $(2.64 + 1.86 + 2.49 / 3)$. The actual plan expenditure in agriculture sector during 2007-08 was Rs. 142.64 crore against the overall plan expenditure of Rs. 4986 crore which constituted 2.86 % . That is we will be eligible for receipt of funds under RKVY for the year 2008-09.

(2) **Allocation** – The formula for allocation is enclosed herewith. GoI in March, 2008 conveyed the tentative allocation of Rs. 105.34 crore for Punjab for the year 2008-09 under RKVY. This figure has now been revised to Rs. 87.52 crore. The Parameter wise details are not yet available. The detailed calculation of the original Rs. 105.74 is, however, available and it is as follows -

Parameter 1 (20 % of allocation) – As per un-irrigated area = Rs. 21.66 crore

Parameter 2 (30 % of allocation) – GSDP criteria = Rs. 32.12 crore

Total = Rs. 53.78 crore

Parameter 3 (50 % of allocation) - % increase in plan expenditure in 2007-08 over and above the plan expenditure 2006-07 = Rs. 51.96 crore. (This is tentative figure based on the plan allocation of Rs. 200.09 crore in agriculture sector during 2007-08 as compared to the revised allocation of Rs. 135.70 crore during 2006-07 for agriculture sector. That is an increase of Rs. 64.39 crore was assumed during 2007-08 as compared to 2006-07 in agriculture sector. GoI vide its letter dated 20/3/2008 stated that this tentative allocation is subject to revision and any plus minus would be adjusted during 2009-10. It is therefore clear –

- (a) that the state will get Rs. 87.52 crore during 2008-09 under RKVY;
- (b) That is the actual expenditure in agriculture sector in 2007-08 is Rs. 142.64 crore against the actual expenditure of Rs. 142.99 crore during 2006-07. That is there is some reduction in expenditure as a result of which we will not get any money under parameter 3. That is the net allocation during 2009-10 would be the allocation for 2009-10 minus Rs. 35 crore to Rs. 51 crore.

3. **RKVY – 2009-10** – The average plan expenditure in agriculture sector during 2005-06, 2006-07 & 2007-08 is 2.40 % and the plan expenditure during 2008-09 should atleast be Rs. 146.65 crore for the state to become eligible. The allocation is Rs. 202.52 crore during 2008-09 which is 3.31 % of the total plan size of Rs. 6110 crore (excluding Rs. 100 crore of RKVY).

4. **Some of the important issues concerning RKVY** – The State Government has raised the following issues with Planning Commission in the past -

- (1) As regards parameter 1 – Un-irrigated area – The productivity of irrigated area varies from State to State e.g. the State of Punjab obtains 42 quintal of wheat per hectare whereas many States obtain almost half or less than that. Therefore it is extremely important to improve the efficient utilization of the existing resources. Therefore the parameter 1 be changed and half the weightage may be given to

maintenance and upgradation of the existing infrastructure of irrigation and the remaining half to un-irrigated area.

(2) **Food Security** – A sum of Rs. 5000 crore as 100 % GoI grant has been earmarked for the next five years under National Food Security Mission. It has three components one each for rice, wheat and pulses. No district of the state has been picked up under the Mission for rice where as 10 districts – Hoshiarpur, Bathinda, Roopnagar, Mohali, Taran Taran, Sangrur, Ferozepur, Gurdaspur, Amritsar & Barnala of the state out of total 138 districts in the country have been selected under the Mission for wheat and 7 – Ludhiana, Sangrur, Ferozepur, Gurdaspur, Amrtisar, Barnala & Tarn Taran districts of the state out of 168 districts in the country have been included under NSFM-Pulses. The State has requested GoI that it should be brought under NSFM-Paddy and whole state should be covered under NSFM-Wheat.

(3) **Parameter 2 – GSDP** – The sizes of different states (net cultivated area) vary and accordingly the increase in GSDP of agriculture and allied sectors in absolute numbers would be un-comparable. Therefore, the State has proposed to the Planning Commission that allocation should be based on the percentage increase in GSDP achieved by individual states. Besides, Planning Commission calculate this amount on the basis of target fixed for agriculture growth for the State (which has been taken 2.24 % for Punjab) as compared to the target fixed for country as a whole (4 %). As is the common knowledge the agriculture growth in the state will exceed 4 % and this issue is yet to be taken with GoI and the State should try to get its allocation increased.

(4) The expenditure under RDF/Mandi Board - At one stage the State Government argued that expenditure incurred under RDF and Mandi Board should be treated as expenditure in agriculture sector, even though it did not form the part of plan in agriculture sector. Mandi Board is not included in the plan at all while RDF has been

taken under Rural Development. GoI has considered this point and have allowed us to count this expenditure as expenditure in agriculture sector provided the expenditure was duly audited. The expenditure as such is not important and it is the increase in expenditure over the previous years which can be of some help under RKVY. The figures are placed as [Annexure –A](#) and it is clear that we should not include this expenditure in agriculture sector. Expenditure during 2007-08 is much less as compared to 2006-07 and if we include this expenditure the State will not be eligible for RKVY as seen from col. 15. The % expenditure is only 9.45 % for 2007-08 and it should be more than the previous three years.

The State however can find some via media. Rural Development Funds can be routed through State Treasuries for some of the schemes for agriculture and allied departments. This method was adopted during 2007-08 and Rs. 30 crore was routed through State Treasury.

ANNEXURE
Formula for Allocation

As per guidelines of RKVY, the criteria/status for allocation of funds during 2008-09 is as under –

(1) 20 % of the amount (Rs 633 crore) to be allocated on the basis of % share of un-irrigated area in the State to the total un-irrigated area of the eligible states. For the state of Punjab, taking all states as eligible it can be worked out as –

$$(197/85778)* 0.20 Y = 0.00046 Y, \text{ where } Y \text{ is the yearly allocation by GoI.}$$

As Y is 3165 crore, therefore, the share of Punjab would be Rs. 1.46 crore.

(2) 30 % (Rs 949.50 crore) on the basis of projected GSDP for agricultural sector for a state at the end of 11th Five year plan as compared to agricultural GSDP for the country as a whole. For the state of Punjab -

Likely GSDP for the state of Punjab in agricultural sector by the end of 11th plan at the target rate of 2.4 % would be – Rs. 32,338 crore

Likely GSDP for the agriculture for the whole country by the end of 11th Plan at the target rate of 4.1 % - Rs. 7,12,465 crore.

$$\text{Share of Punjab} = (32338/712465)*0.30 Y = 0.01361 Y$$

As Y is 3165 crore, therefore, the share of Punjab would be Rs. 43.07 crore.

(3) 50 % (Rs 1582.50 crore) on the basis of increase in the total plan expenditure in Agriculture and allied sectors in the previous year over the year prior to that year. As the expenditure incurred on Agriculture & Allied Activities during 2007-08 (Rs 142.64 Cr is less than expenditure incurred on these sectors during 2006-07 (Rs 142.99 Cr), therefore, the State won't be getting anything under this parameter during 2008-09.

