

# Guidelines

for

National Agriculture Development  
Programme (NADP)

*Rashtriya Krishi Vikas Yojana*  
(RKVY)

**Department of Agriculture & Cooperation  
Ministry of Agriculture  
Government of India**

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# CONTENTS

1. Introduction
2. Basic features
3. The planning process of the scheme
4. Areas of focus under the scheme
5. Operationalization of the scheme
6. State Level Sanctioning Committee
7. Release of funds
8. Flow Charts under the scheme
9. Annexures
  - I. Illustration on the allocation of funds under new additional central assistance to states
  - II. Process of allocation of the funds under the RKVY to the states
  - III. Form of utilization certificate

# **Guidelines for the National Agriculture Development Programme**

## ***Rashtriya Krishi Vikas Yojana (RKVY)***

### **1. Introduction**

- 1.1 Economic reforms initiated since 1991 have put the Indian economy on a higher growth trajectory. Annual growth rate in the total Gross Domestic Product (GDP) has accelerated from below 6 per cent during the initial years of reforms to more than 8 per cent in recent years. The Planning Commission in its approach paper to the Eleventh Five-Year-plan has stated that 9 per cent growth rate in GDP would be feasible during the Eleventh Plan period. However, Agriculture, that accounted for more than 30 per cent of total GDP at the beginning of reforms, failed to maintain its pre-reform growth. On the contrary, it witnessed a sharp deceleration in growth after the mid-1990s. This happened despite the fact that agricultural productivity in most of the states was quite low as it were, and the potential for the growth of agriculture was high.
- 1.2 The GDP of agriculture increased annually at more than 3 per cent during the 1980s. Since the Ninth Five-Year Plan (1996 to 2001-02), India has been targeting a growth rate of more than 4 per cent in agriculture, but the actual achievement has been much below the target. More than 50 per cent of the workforce of the country still depends upon agriculture for its livelihood. Slow growth in Agriculture and allied sectors can lead to acute stress in the economy because the population dependent upon this sector is still very large. A major cause behind the slow growth in agriculture is the consistent decrease in investments in the sector by the state governments. While public and private investments are increasing manifold in sectors such as infrastructure, similar investments are not forthcoming in Agriculture and allied sectors, leading to distress in the community of farmers, especially that of the small and marginal segment. Hence the need for incentivising states that increase their investments in the Agriculture and allied sectors has been felt.
- 1.3 Concerned by the slow growth in the Agriculture and allied sectors, the National Development Council (NDC), in its meeting held on 29<sup>th</sup> May, 2007 resolved that a special Additional Central Assistance Scheme (RKVY) be launched. The NDC resolved that agricultural development strategies must be reoriented to meet the needs of farmers and called upon the Central and State governments to evolve a strategy to rejuvenate agriculture. The NDC reaffirmed its commitment to achieve 4 per cent annual growth in the agricultural sector during the 11<sup>th</sup> plan. The Resolution with respect to the Additional Central Assistance scheme reads as below:

*Introduce a new Additional Central Assistance scheme to incentivise States to draw up plans for their agriculture sector more comprehensively, taking agro-climatic conditions, natural resource issues and technology into account, and integrating livestock, poultry and fisheries more fully. This will involve a new scheme for Additional Central Assistance to State Plans, administered by the Union Ministry of Agriculture over and above its existing Centrally Sponsored schemes, to supplement the State-specific strategies including special schemes for beneficiaries of land reforms. The newly created National Rainfed Area Authority will on request assist States in planning for rainfed areas.*

- 1.4 The Department of Agriculture, in compliance of the above resolution and in consultation with the Planning Commission, has prepared the guidelines for the RKVY scheme, to be known as NADP (RKVY), that are contained in this document.

## **2. Basic Features of the RKVY**

2.1 The RKVY aims at achieving 4% annual growth in the agriculture sector during the XI Plan period, by ensuring a holistic development of Agriculture and allied sectors. The main objectives of the scheme are :

- (i) To incentivise the states so as to increase public investment in Agriculture and allied sectors.
- (ii) To provide flexibility and autonomy to 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 ensure that the local needs/crops/priorities are better reflected in the agricultural plans of the states.
- (v) To achieve the goal of reducing the yield gaps in important crops, through focussed interventions.
- (vi) To maximize returns to the farmers in Agriculture and allied sectors.
- (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.

2.2 These guidelines are applicable to all the States and Union Territories that fulfill the eligibility conditions.

2.3 The RKVY will be a State Plan Scheme. The eligibility for assistance under the scheme would depend upon the amount provided in State Plan Budgets for Agriculture and allied sectors, over and above the base line percentage expenditure incurred by the State Governments on Agriculture and allied sectors. The list of allied sectors as indicated by the Planning Commission will be the basis for determining the sectoral expenditure, i.e Crop Husbandry (including Horticulture), Animal Husbandry and Fisheries, Dairy Development, Agricultural Research and Education, Forestry and Wildlife, Plantation and Agricultural Marketing, Food Storage and Warehousing, Soil and Water Conservation, Agricultural Financial Institutions, other Agricultural Programmes and Cooperation. Each state will ensure that the baseline share of agriculture in its total State Plan expenditure (excluding the assistance under the RKVY) is at least maintained, and upon its doing so, it will be able to access the RKVY funds. The base line would be a moving average and the average of the previous three years will be taken into account for determining the eligibility under the RKVY, after excluding the funds already received. The RKVY funds would be provided to the states as 100% grant by the Central Government. The process of determining eligibility under the RKVY is illustrated in Annexure-I. The states are required to prepare the Agriculture Plans for the districts and the state that comprehensively cover resources and indicate definite action plans.

2.4 Since the RKVY is applicable to the entire State Plan for Agriculture and allied sectors, and seeks to encourage convergence with schemes like NREGS, SGSY and BRGF, the Planning Commission and the Ministry of Agriculture will together examine the States' overall Plan proposals for Agriculture and allied sectors as part of the Annual Plan approval exercise. At this stage, in consultation with the Ministry of Panchayati Raj it will also be decided if the requirements with respect to the District Development Plans have been met or not. Advice may also be taken from DAHD &F, Ministry of Water

Resources, MoRD, DARE, and NRAA, if the convergence has been appropriately factored in.

- 2.5 Once a state becomes eligible for the RKVY, the quantum of assistance and the process of subsequent allocation to the state will be in accordance with the parameters and the respective weights, as explained in Annexure-II.
- 2.6 It will be permissible for the states to initiate specific projects with definite time-lines, and clear objectives for Agriculture and allied sectors excluding forestry and wild life, and plantations (ie., Coffee, Tea and Rubber). For this purpose, the RKVY would be available to the states in two distinct streams. At least 75% of the allocated amount shall be proposed under Stream-I for specific projects. The amount under Stream- II, will be available for strengthening the existing state sector schemes and filling the resource gaps. A review of the ratios between Stream-I and II will be made after a year's experience in the implementation of the scheme.
- 2.7 A State Level Sanctioning Committee (SLSC) headed by the Chief Secretary of the state will have the authority to sanction specific projects under the Stream-I. The Government of India's representative shall participate in the SLSC meetings and the quorum shall not be complete without the presence of at least one official from the Government of India.
- 2.8 There may arise a situation when a particular state becomes ineligible to avail of the funds under the RKVY in a subsequent year due to its lowered expenditure on Agriculture and allied sectors. If this were to happen, the states shall be required to commit their own resources for completing the sanctioned projects/schemes under the RKVY.
- 2.9 The pattern of funding is 100% Central grant and the eventual goal is that the additional investments made through the RKVY scheme will lead to at least 4% growth in agriculture. The states are given sufficient flexibility under the scheme to make appropriate local choices so that the outcomes are as envisaged in the RKVY objectives.

### 3. The Planning Process of RKVY

- 3.1 Each District will formulate a District Agriculture Plan (DAP) by including the resources available from other existing schemes, District, State, or Central schemes such as BRGF, SGSY, NREGS and Bharat Nirman, etc. The District Agricultural Plans shall not be the usual aggregation of the existing schemes but would aim at moving towards projecting the requirements for development of Agriculture and allied sectors of the district. These plans will present the vision for Agriculture and allied sectors within the overall development perspective of the district. The District Agriculture Plans would present the financial requirement and the sources of financing the agriculture development plans in a comprehensive way. Since RKVY is conditional to proper District Planning and since Planning Commission has already circulated guidelines for District Planning in line with Constitutional requirements, these requirements should be adhered to by the state as far as possible. The states will have to specify the institutional mechanisms evolved by them for District Planning as resolved in the NDC and submit a status report at the stage of the Annual Plan exercise. The SLSC will monitor and ensure this. The DAP will include animal husbandry and fishery, minor irrigation projects, rural development works, agricultural marketing schemes and schemes for water harvesting and conservation, etc. keeping in view the natural resources and technological possibilities in each district.
- 3.2 Each state will prepare a comprehensive State Agricultural Plan (SAP) by integrating the District Plans. The state will have to, at the outset, indicate resources that can flow from the state to the district. The DAP will integrate multiple programmes that are in operation in the district concerned, include the resources and activities indicated by the state, combine the resources available from the other programmes and finalize the plan. The elements that will be taken into account should cover at the very least
- (a) Sectoral and District segments of the State Plan.
  - (b) Centrally sponsored schemes, viz., NREGS (National Rural Employment Guarantee Scheme), BRGF (Backward Region Grant Fund), SGSY (Swarn Jayanti Gram Swarajgar Yojana) and Bharat Nirman, etc. and
  - (c) Tied and untied grants from the Central and State Finance Commissions.

The preparation of the State Agricultural Plan could be a two-way process. In one method, the state nodal department (Agriculture Department) could obtain the draft DAPs from the districts in the first instance and examine if aspects of importance to the state are properly covered in the district plans or not. For example, at the state level, the vision could be to set up fertiliser quality testing labs in certain districts. The state should, at this stage of scrutiny, ensure that establishment of the fertilizer testing labs is incorporated in the District Agricultural Plans of the districts concerned. Ensuring that the state's priorities with respect to Agriculture and allied sectors are appropriately captured in the District Agricultural Plans would be the responsibility of the nodal department/ State agency vested with the responsibility of preparing the SAPs. In the other method, the state Nodal Agency could communicate to the districts in the first instance, the state's priorities that ought to

reflect in the respective district plans and the districts may incorporate these in their district plans. The preparation of the District Agriculture Plan is an elaborate, exhaustive and iterative process so every care should be taken by the state nodal department and the district agriculture department officials in ensuring that the DAPs are properly and comprehensively made.

A pictorial representation of the DAP is in the box.

#### Illustration

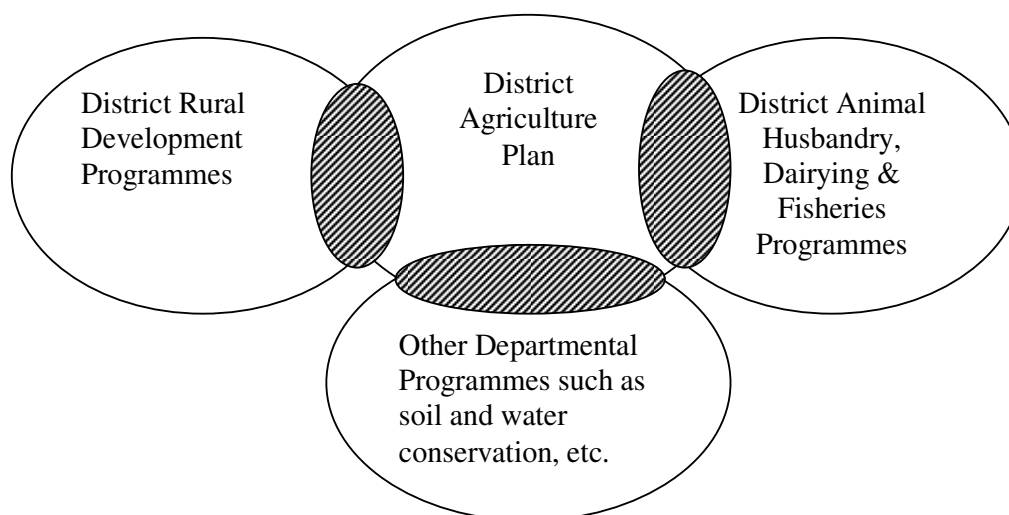


Figure 1

1. Shaded portions indicate overlap/convergence of activities
2. This is only an indicative diagram and by no means is exhaustive, i.e, other sectoral plan could also converge.

3.3 Several states/UTs may already have prepared comprehensive district and state agriculture plans. They may ascertain if they could be updated and used for the purposes of the RKVY. However, in states with no such preparation, an exercise should immediately commence, so as to complete it within a three month period. The district level potential linked credit plans (PLP) already prepared by the NABARD may be useful in this regard. The state governments are advised to make best use of the PLPs and SREPs (Strategic Research and Extension Plans) developed under the ATMA programme. The guidelines for preparing the District Development Plans have been communicated to the state governments by the Planning Commission. For the purpose of the RKVY, the District Development Plans so prepared, in accordance with the Planning Commission's Guidelines should be broadly sufficient. It should however be ensured that the convergence with other programmes as well as the role assigned to the PRIs are satisfactory. For the year 2007-08, a clear indication should be given by the states that they are encouraging the preparation of the district agriculture plans that are integral to the District Development Plan. The intent of the states will be known by the number of districts already covered, and the availability of a road map for covering the remaining districts. Eventually, i.e., from 2008-09 onwards, no assistance under the RKVY shall be available unless all the districts are ready with the District Plans.

Wherever the states feel the need to engage consultants to prepare the DAP and/or SAP, they may do so.

- 3.4 The finalized State Agriculture Plan will be placed before the Department of Agriculture (DAC) and the Planning Commission, as a part of the State Plan exercise, for Additional Central Assistance by the State Planning Department. The DAC and Planning Commission will approve the SAP with such suggestions as may be necessary. The states will provide complete rationale and justification for the assistance sought, well before the state plan discussions to give sufficient time to the DAC and the Planning Commission to firm up their views on the proposals and make such consultations as may be necessary with concerned departments.
- 3.5 The districts will be required to prepare a shelf of projects, for posing to the SLSC under Stream-I. At least 75% of the total funds under the RKVY that a state gets entitled to, will be available under the Stream-I. The Nodal Department/Agency will undertake/compile such projects from each of the districts, prioritize them and place them before the SLSC. The SLSC is vested with the authority to sanction the projects under Stream-I in a meeting that will be attended by representatives of the Government of India. The Nodal Agency will give at least 15 clear days of notice to the representatives of the Government of India while sending the meeting notice, along with a gist of the agenda. The projects posed to the SLSC under Stream-I shall be consistent with the District and State Agriculture Plans. The balance of the total RKVY funds will be available for strengthening of the existing schemes and for filling resource gaps under the State Plans. This would be untied assistance to the states.
- 3.6 A state is permitted to use upto 1% of its total RKVY funds for incurring administrative expenditure, that includes payments to consultants, recurring expenses of various kinds, staff costs, etc. However, no permanent employment can be created, nor can vehicles be purchased.
- 3.7 The DAC may retain a proportion of 1% of the RKVY funds at its level, so as to organize pan-India evaluations or for such administrative contingencies that may arise at various times



#### 4. Areas of focus under the RKVY

4.1 The components / activities which would be eligible for project based assistance under the Stream-I of the RKVY are elaborated below. This is an indicative list; the states may choose other components/activities, but ensure that they are reflected adequately in the SAP and the DAP. The scheme(s) administered by the Departments of Agriculture and Cooperation, and Animal Husbandry, Dairying and Fisheries covering the following components already have elaborate guidelines, which ought to be followed by the implementing Agencies. Assistance for new component(s), if any, could be worked out in consultation with the State Level Sanctioning Committee. The components for the RKVY could cover the following:

- (a) *Integrated development of major food crops such as wheat, paddy, coarse cereals, minor millets, pulses, oilseeds:* Assistance can be provided for making available certified/HYV seeds to farmers; production of breeder seed; purchase of breeder seed from institutions such as ICAR, public sector seed corporations, production of foundation seed; production of certified seed; seed treatment; Farmers Field Schools at demonstration sites; training of farmers etc. Similar support would be provided for development of other crops such as sugarcane, cotton or any other crop/variety that may be of importance to the state.
- (b) *Agriculture mechanization:* Assistance would be provided for farm mechanization efforts especially for improved and gender friendly tools, implements and machinery. Specific agricultural mechanization projects oriented toward enhancing farm productivity can be considered under this scheme. However, tractors are not covered under the scheme.
- (c) *Activities related to enhancement of soil health:* This would include efficient quality control of inputs including strengthening of laboratories and enhancing soil health. Assistance can be provided to the farmers for distributing soil health cards; micro nutrient demonstration; training of farmers for promotion of organic farming including printing of publicity/utility literature; assistance to the state government to strengthen existing soil testing and fertilizer testing laboratories and setting up new ones; amelioration of soils affected with conditions such as alkalinity and acidity.
- (d) *Development of rainfed farming systems in and outside watershed areas, as also Integrated development of watershed areas, wastelands, river valleys:* Assistance for development of land as also assistance for horticulture, generating livelihoods for farmers Below the Poverty Line (BPL).
- (e) *Support to State seed farms:* State farms that are used for both research and seed production purposes may be provided funds in a project mode covering aspects such as land development, creation of irrigation facilities, upgrading technology, etc. However, new land acquisition is not permitted.
- (f) *Integrated Pest Management schemes :* This would include training of farmers through Farm Field Schools etc. on pest management practices; printing of literature/ other awareness programmes.
- (g) *Encouraging non-farm activities:* Assistance to agri-entrepreneurs / agri-graduates to set up agri-clinics / agri-business centres.
- (h) *Strengthening of Market Infrastructure and marketing development:* Assistance for setting up of cold storages, cold chains, godowns, formation of farmer's SHGs, setting

up collection centre etc. Assistance to PRIs/SHGs in promoting collection and sale to mandis/government agencies.

- (i) *Strengthening of Infrastructure to promote Extension Services:* This would include new initiatives for skill development and training in the farming community and to revamp the existing State agricultural extension systems.
- (j) *Activities relating to enhancement of horticultural production and popularization of micro irrigation systems:* Assistance will be available for nursery development, horticulture activities including marketing and drip/sprinkler irrigation.
- (k) *Animal husbandry and fisheries development activities:* Assistance will be available for improvement in fodder production, genetic upgradation of cattle and buffaloes, enhancement of milk production, enlarging raw material base for leather industry, improvement in livestock health, poultry development, development of small ruminants and enhanced fish production.
- (l) *Special schemes for beneficiaries of land reforms:* Assistance will be available for improving the net minimum income of this category of beneficiaries. Beneficiaries of land reforms are usually small and marginal farmers. Making their agriculture viable will be possible only when capital investments on land development, irrigation, high-technology infrastructure in emerging areas such as floriculture, horticulture, seed production, etc are made. Specific projects for groups of such beneficiaries can be taken up with provision for common infrastructure.
- (m) *Undertaking concept to completion projects:* Undertaking specific projects under agriculture/horticulture/ allied sectors in a concept to completion mode with attention given to all the components such as crop production, technology induction, farmer training, forward and backward linkages, either entirely in the state sector or in partnership with the private sector, where necessary and possible, is permitted under the scheme. Beneficiaries under such projects should, however, predominately be BPL farmers. Projects in risk-prone, underdeveloped, agriculturally distressed, remote, hilly and tribal areas are specially encouraged.
- (n) *Grant support to the State Government institutions that promote agriculture/horticulture:* Wherever state level institutions that work for promoting agriculture/horticulture/allied sectors require a one-time grant support for their functioning/strengthening, such support can be provided.
- (o) *Study tours of farmers:* Study tours of farmers to places of interest to them, especially to research institutions etc.
- (p) *Organic and bio-fertilizers:* Support for decentralized production at the village level and their marketing, etc. This will include vermicomposting and introduction of superior technologies for better production.
- (q) *Innovative schemes:* The above list is not exhaustive. Therefore, schemes that are important for agriculture, horticulture and allied sector development, but cannot be categorized under (a) to (p) can also be proposed, as innovative schemes.

## **5. Operationalisation of the RKVY**

5.1 The State Agriculture Department shall be the nodal department for the implementation of the scheme. For administrative convenience and ease of implementation, the state governments may identify, or create an exclusive agency for implementing the scheme on the fast-track. Even where such an Agency is created/designated, the entire responsibility of ensuring that the RKVY is properly implemented, will be that of the Agriculture Department only. In a situation where the states notify a Nodal agency, the release of funds may be done by the Centre directly to the Agency. The costs of running the agency, however, have to be within the 1% limit and subject to conditionalities indicated in para 3.6. States may supplement any administrative expenditure in excess of the 1% limit, with their own resources.

5.2 The nodal agency/Agriculture department will be responsible for the following:-

- (i) Preparing State Agriculture Plans (SAP) and ensuring the preparation of the District Agriculture Plans (DAP).
- (ii) Effectively coordinating with various Departments and implementing Agencies, with respect to the preparation and appraisal of projects, implementing, monitoring, and evaluating them.
- (iii) Management of funds received from the Central, and State Governments and disbursement of the funds to the implementing agencies.
- (iv) Furnishing of utilization certificates and quarterly physical & financial progress reports to the Department of Agriculture and Cooperation. The indicative proforma for submission of financial and physical progress and the utilization certificate, are at Annexure-III.
- (v) Establishing an effective Management Information System that is I.T. based as well as web enabled, within a definite time-line, in any event within the first year of implementation of the programme itself.

5.3 The Nodal Agency will finalize the SAP and submit it to the State Planning Department for integrating with the overall State Plans. The State Planning Department will pose it to the Planning Commission as a part of its state plan exercise. Once the approvals are received, the Nodal Agency will place the Stream-I proposals before the SLSC for consideration, discussion, finalization, and sanction.

5.4 The State Level Nodal Agency will forward the Agenda along with a gist of the projects, to the Department of Agriculture and Cooperation (DAC) so as to reach at least 15 days before the meeting of State Level Sanctioning Committee to enable their representatives to come prepared and to participate meaningfully in the SLSC meeting. The SLSC is vested with the authority to sanction the projects.

5.5 Once the SLSC sanctions the projects, DAC will release funds either to the Nodal Department or to the Nodal Agency, as the case may be.

## 6. State Level Sanctioning Committee (SLSC)

6.1 Under the Scheme, a State Level Sanctioning Committee (SLSC) will be constituted. The composition of the SLSC may be as follows:

Chief Secretary	-	Chairman
Agri. Prod. Commr/Pr. Secy(Agri)	-	Vice-Chairman
Secretary, Finance	-	Member
Secretary, Planning	-	Member
Secretary, Fisheries	-	Member
Secretary, Animal Husbandry	-	Member
Secretary, Environment and Forests	-	Member
Secretary, Panchayatiraj	-	Member
Secretary, Rural Development	-	Member
Secretary, Water Resources/Irrigation/Minor Irrigation	-	Member
Director, Agriculture	-	Member
Director, Horticulture	-	Member
Director, Animal Husbandry	-	Member
Director, Fisheries	-	Member
Representative of Department of Agriculture & Cooperation, Govt. of India (Officer not below the rank of Joint Secretary)	-	Member
Representatives of Departments of Animal Husbandry, Dairying & Fisheries, Govt. of India (Officer not below the rank of Joint Secretary)	-	Member
Representative of State Agriculture University	-	Member
Representative of Planning Commission	-	Member
Secretary, Agriculture	-	Member-Secretary

6.2 The quorum for the meeting would not be complete without the presence of at least one representative from the Government of India. Representatives from the Planning Commission, DARE, NRAA, and DAH&D of sufficient seniority may also attend.

6.3 SLSC will, inter alia, be responsible for

1. Sanctioning the projects under Stream-I of the RKVY.
2. Monitoring the progress of the sanctioned projects/schemes.
3. Reviewing the implementation of the schemes' objectives and ensure that the programmes are implemented in accordance with the guidelines laid down.
4. Ensuring that no duplication of efforts or resources takes place.
5. Commissioning/undertaking field studies to monitor the implementation of the projects.
6. Initiating evaluation studies from time to time, as may be required.
7. Undertaking any other project of importance to the state's Agriculture and allied sectors.
8. Ensuring that there are no inter-district disparities with respect to the financial patterns/subsidy assistance in the projects.

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

6.5 The State Governments will notify the SLSC within a month after the publication of the Guidelines and inform the Department of Agriculture and Cooperation.

6.6 The SLSC may co-opt two more members from Agricultural Research Organisations, reputed NGOs working in the field of Agriculture, Deputy Commissioners of important districts, and leading farmers.

6.7 The Panchayatiraj Institutions should be involved where feasible, in the implementation of the Scheme.

## **7. Release of Funds:**

### **7.1 For Stream-I:**

- 7.1.1 Stream-I is project-based. The areas of focus that have been enlisted elsewhere in the Guidelines under para 4 are the broad areas within which these projects should be posed and sanctioned by the SLSC. The project approach will mean that all the essential ingredients of a good project are properly considered and included, i.e., feasibility studies, competencies of the implementing agencies, anticipated benefits that will flow to the farmers, definite time-lines for implementation, etc. The Nodal Agency will satisfy itself that the project fulfills the objectives of the RKVY before recommending the Detailed Project Reports (DPRs) to the SLSC.
- 7.1.2 The Nodal Agency is authorized to hire Consultants to prepare the DPRs under Stream-I and the Agency can spend up to 5% of the funds in the stream for the preparation of specific projects. If any DPRs are already available with the state Nodal Agency that fulfill the objectives of the RKVY, but have not been implemented for want of funds, they may also be included in the DAP and the SAP and thereafter, posed to the SLSC under Stream-I. If the SLSC does not approve the DPRs posed, funds cannot be accessed. No mobilization advances can be paid to any Consultant or any Agency under this provision, nor can any upfront payments be made. This condition is being imposed to ward off any inferior DPRs, preparation of which is often an end in itself, as sometimes noticed.
- 7.1.3. In a situation where a DPR is prepared, has found acceptance and been paid for, the balance amount of 95% of the funds will be distributed as below:
- 45% of the funds will be released as first installment to the state, upon the receipt of the Sanction Letter issued by the SLSC. In a situation where the DPR is prepared by the Nodal Agency or Implementing Agency itself, then the flow of funds will be as below:
  - 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 balance funds will be released when a physical progress of at least 50% of the milestones is informed to the DAC, as envisaged in the DPRs and
  - The balance 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. The designated Agencies will be chosen by the DAC at an appropriate time.
- 7.1.4. The DAC may retain a small portion of the RKVY funds to organize pan-Indian or state-specific evaluation studies of the projects implemented or for any administrative contingencies as may arise.
- 7.1.5. The Nodal Agency shall ensure that Project-wise accounts are maintained by the Implementing Agencies and are subjected to the normal process of Statutory Audit. Likewise, an inventory of the assets created under the Projects should be carefully preserved and assets that are no longer required, should be transferred to the Nodal Department, for its use and redeployment where possible.
- 7.1.6. At least 75% of the total allocation under the RKVY is earmarked for Stream-I with an intent that maximum flexibility is given to the states to plan for their agriculture development in accordance with their own unique needs and local aspirations.

7.1.7. Funds can be released directly by the Centre to the Nodal Agency as notified by the State Nodal Department.

## **7.2. For Stream-II**

7.2.1. Stream-II processes are relatively more conventional. Once the State Planning Department poses the proposals to the Planning Commission as a part of its State Plan exercise and obtains the approval of the Planning Commission, then the fund flow follows the same course as followed usually. A maximum of 25% of the funds allocated to a state are available under the Stream-II.

7.2.2. 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 following conditions:

- Utilization certificates for the funds released, upto the previous financial year.
- Expenditure of at least 60% of available funds, ie., unspent balance of the previous year plus the releases in the first installment.
- Submission of performance report in terms of physical and financial achievements as well as outcomes, on a regular basis, within the stipulated time frame.

7.2.3. 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. The central assistance to the designated Nodal Agency/Agriculture department will be released as per the approved mechanism of the Ministry of Finance.

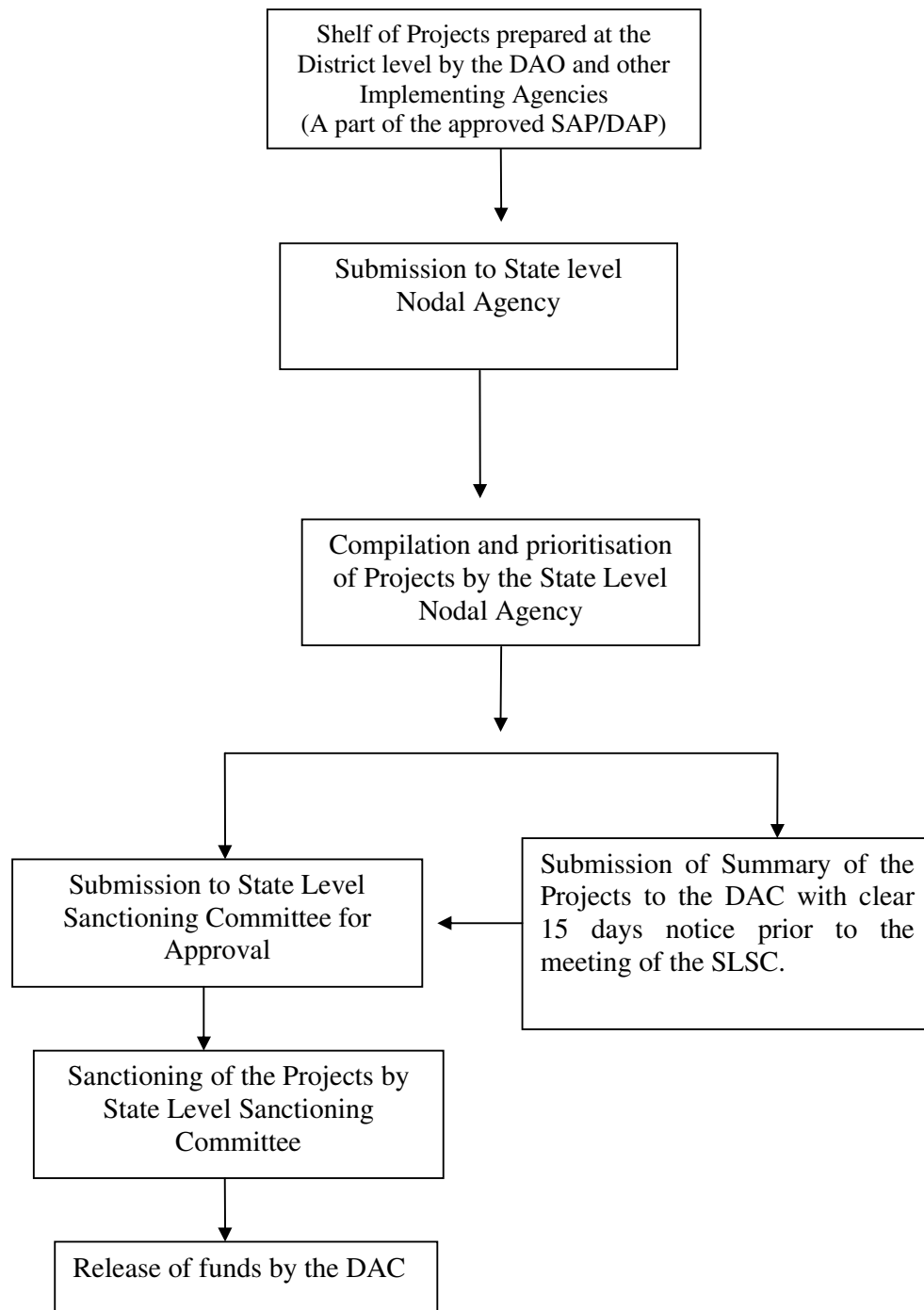
7.2.4. The Nodal Agency/Department should ensure that the Central Assistance released under the Scheme is utilized in accordance with the approved State and District Plans. Since the amounts of the second and final installment of the allocation will depend upon the progress of utilization of funds by the states, the state should ensure that the funds released are utilized promptly, properly and progress reports are sent to the DAC at the earliest. Non-utilization of central assistance will hinder further release of funds.

7.2.5. The performance of the states will be reflected in the Performance Budget document of this Ministry.

7.2.6. The Department of Agriculture and Cooperation may effect changes in the scheme guidelines, other than those affecting the financing pattern as the scheme evolves, whenever such changes are considered necessary.

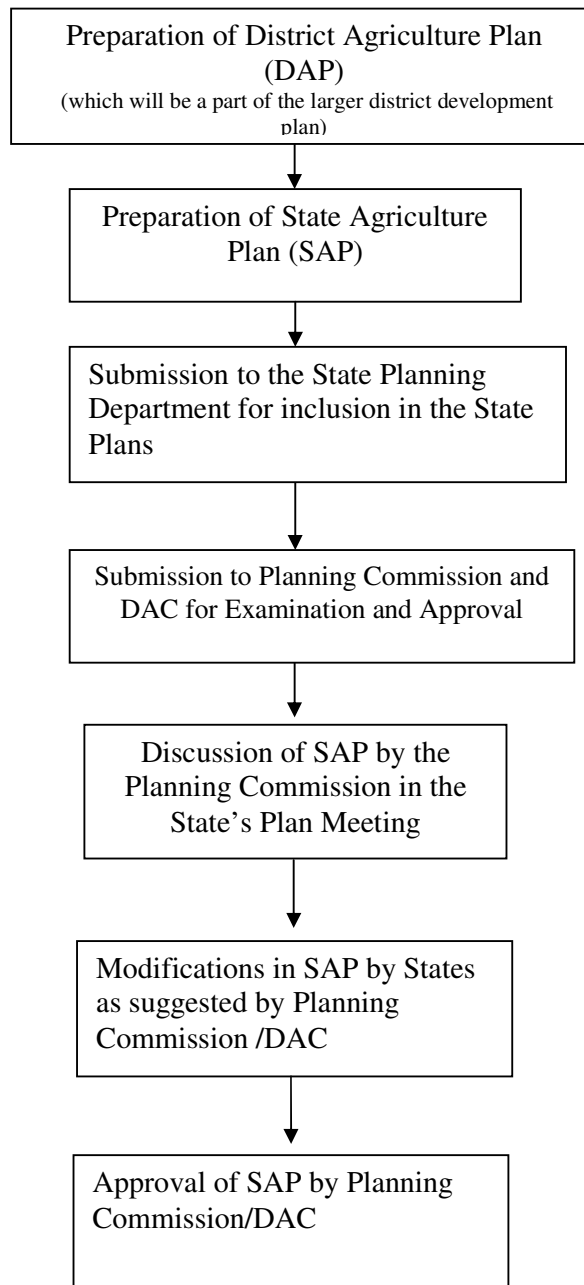
7.3 Depending upon the state's needs, a state may choose to use its entire allocated RKVY funds under the Stream-I only. In that event 100% of the RKVY funds can be utilized for the Stream-I. However, the reverse is not permissible, that is, a state cannot choose to lower its Stream-I allocation below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

## Flow Chart for Preparation of Projects under RKVY – Stream I





## Preparation and Approval of the DAP & SAP under the RKVY scheme



## Annexure I

### ILLUSTRATION ON THE ALLOCATION OF FUNDS UNDER RASHTRIYA KRISHI VIKAS YOJANA

Each state will become eligible to receive RKVY allocation, if and only if:

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

During 2007-08 the states would be exempted from formulation of the District Agriculture Plans as the State Plans have already been formulated and finalized in the meanwhile.

2. 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**). For instance, in case of State XYZ, the base line percentage expenditure is 5.1% which has been calculated as follows:

(Rs.crore)

Year	Agriculture & allied sector exp(excluding RKVY funds).	Total Plan exp.	% Expenditure incurred
2003-04	492	10750	4.6
2004-05	709	11456	6.1
2005-06	605	13500	4.5
2006-07	1135	20000	5.7

**Baseline %age expenditure= %age expenditure during 3 years (excluding RKVY funds)(2003-4, 04-05, 05-06) =  $15.2 \div 3 = 5.1\%$ .**

**Additionality of expenditure over baseline in 2006-07 =  $0.6(5.7\%-5.1\%) * 20,000/100 =$  Rs.120 crore.**

3. The expenditure by the state in 2006-07 (5.7%) has been over and above the baseline average of 5.1%. The State Government thus becomes eligible for grant under the RKVY provided it has also formulated District Agriculture Plans (this condition waived for 2007-08) and State Agriculture Plans. This is only an illustration. Actual calculations would be based on year for which expenditure figures are available.

4. The expenditure above the baseline for the State XYZ is Rs.120 crore.

5. To work out the assistance under the RKVY for 2007-08, DAC will add up all such expenditure above the baseline for all eligible states (say this works out to Rs. X crore) and then decide on the total RKVY assistance in 2007-08 (say Rs. Y crore), subject to the condition that about Rs X/2 will be allocated under the RKVY .

6. Once the amount Rs Y crore has been determined, the allocation to each state for 2007-08 will be worked out by the Planning Commission using the parameters and weights indicated in Annexure-II of the Guidelines i.e.  $0.20 * Y$  will be distributed using parameter 1 weight of

each State,  $0.30 * Y$  will be distributed using parameter 2 weight, and  $0.50\%*Y$  will be distributed using parameter 3 weight of each state.

7 The allocation for each state having been worked out as in para 6 above, the grant will be provided to each state in two separate streams:

*Stream-I:* At least, 75% will be released to the states depending upon their proposing specific schemes as indicated in para 3.5 of the Guidelines, within this allocation.

*Stream-II:* The balance share of the state will be released, untied to any particular project as indicated in para 3.5 of the Guidelines.

8. In case the total proposals by the states leaves some balance out of the total amount of allocation under Stream I, then this total balance will be distributed to all eligible states in accordance to the parameters/weights indicated in Annexure-II of the Guidelines.

**Explanation:**

Parameter 2 is based on the projected growth rates for GSDP for Agriculture and allied sectors as compared to a base year GSDP for Agriculture and allied sectors (say 2005-06).The GSDPs to be attained by the end of the 11<sup>th</sup> Plan by the states will be worked out. The parameter will be set in terms of inter state proportion of these GSDPs projected to be reached by the state by the end of the 11<sup>th</sup> Plan. This is illustrated below-

State	Target Growth Rate(%)	GSDP(Rs.Crores) of agriculture and allied activities 2005-06	GSDP compounded at target growth rate at the end of 5 years	Proportionate share of State in Total GSDP at the end of 5 years .
State A	2.0	16333	18033	20.12
State B	5.3	19211	24871	27.75
State C	5.5	34541	45144	50.37
State D	4.6	1251	1566	1.76
Total		40249	89614	100

### Process of Allocation of the funds under the RKVY to the States

The outlay under the scheme would depend upon the amount provided in State Budgets for Agriculture and allied sectors over and above the base line percentage expenditure incurred by the State Government on Agriculture and allied sectors. The base line would be a moving average and the average of the previous three years in any given year will be taken into account, excluding the RKVY. 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. No.	Parameter	Weight
1.	The percentage share of net un-irrigated area in a state to the net unirrigated area of the eligible states. Eligible states are those states that become eligible to avail of the RKVY based on their baseline level of expenditure under the State Plan and preparation of District and State Agricultural Plans.	20%
2.	The projected growth rates to a base year GSDP for Agriculture and allied sectors (say, 2005-06) will be applied to the GSDPs to be attained by the end of the 11 <sup>th</sup> Plan by the States. The parameter will be set in terms of inter state proportion of these GSDPs projected to be reached by the state by the end of the 11 <sup>th</sup> Plan.	30%
3.	Increase in the total Plan expenditure in Agriculture and allied sectors in the previous year over the year prior to that year.	50%

2. The Ministry of Agriculture, in consultation with the Planning Commission, could modify the above criteria/weights depending upon new parameters becoming relevant in future.

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**Form of Utilization Certificate**

Sl. No.	Letter No. and date	Amount
	Total	

Certified that out of Rs. \_\_\_\_\_ of grants-in-aid sanctioned during the year \_\_\_\_\_ in favour of \_\_\_\_\_ under this Ministry/Department Letter No. \_\_\_\_\_ given in the margin and Rs. \_\_\_\_\_ on account of unspent balance of the previous year, a sum of Rs. \_\_\_\_\_ has been utilized for the purpose of \_\_\_\_\_ for which it was sanctioned and that the balance of Rs. \_\_\_\_\_ remaining unutilized at the end of the year has been surrendered to Government (vide No. \_\_\_\_\_, dated \_\_\_\_\_)/will be adjusted towards the grants-in-aid payable during the next year \_\_\_\_\_.

2. The Utilization Certificate should also disclose whether the specified, quantified and qualitative targets that should have been reached against the amount utilized, were in fact reached, and if not, the reasons thereof. They should contain an output-based performance assessment instead of input-based performance assessment.

3. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

*Kinds of checks exercised*

- 1.
- 2.
- 3.
- 4.
- 5.

Signature \_\_\_\_\_

Designation \_\_\_\_\_

Date \_\_\_\_\_