

SPEECH OF HON'BLE UNION MINISTER FOR AGRICULTURE & CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION, AT THE CONFERENCE OF STATE MINISTERS OF AGRICULTURE & HORTICULTURE ON 21ST DECEMBER, 2004 AT NASC COMPLEX, PUSA, NEW DELHI

State Ministers of Agriculture and Horticulture, Vice-Chancellors of Agriculture Universities, Chairperson, NABARD, officers of Central and State Governments and friends:

I am happy that you have found time from your busy schedule to participate in this Conference which I deem is extremely important. This Conference takes us a step closer towards implementing the road map, for meeting the challenges of today's agriculture. Ever since I took over charge as Minister of Agriculture, I have been planning to have this meeting with you. Many things are in my mind which I would like to share with you and get your views on how we could change the face of Indian agriculture, enhance the income of our farmers and add vibrancy and growth to the sector. Govt. lays a great deal of emphasis on the development of this sector considering that more than

650 million people, even today are dependent on it for their livelihood. Further, if India is to achieve a growth rate of 8% GDP, agriculture sector would have to grow at atleast about 4%, which in the given circumstances is not an easy task.

As you would all know, our foodgrain production during the Kharif 2004—05 is estimated at around 100 million tonnes against a target of 113.80 million tonnes. No doubt, the shortfall has largely been on account of the erratic rainfall during Kharif, making it necessary for us to make good these losses during the current Rabi season. Given the favourable weather conditions, the need is to further intensify our pre-season campaign so as to ensure that the productivity levels are enhanced. For this we would need to intensify our efforts to deliver all inputs to the farmers in time. When I say inputs I include availability of credit, seeds, fertilizers and balanced nutrients and of course, water. We would

have to make concerted efforts to ensure that the institutions responsible for providing credit to the agricultural sector measure up to the challenge and deliver. As you would know, the seed replacement ratio in the country averages around 15 to 17%. This is indeed extremely low and worrisome, for which urgent steps need to be taken to ensure that the seed replacement ratio is substantially enhanced to increase production.

Constraint of water is over-arching, but with several programmes targeting creation of water sources along with Watershed Management we should be able to increase the availability of water for our farmers. Till very recently there were reports of shortages of DAP in some parts of the country, but I understand that this situation is now eased. The Department of Fertilizers assures us that urea and MOP are also available in required quantities — month-wise.

Coming to the macro-level challenges that face the agriculture sector, I would first like to mention our over-dependence on the monsoons. Today nearly 60% of our country's net cultivable land is rainfed. This reality needs to be faced in our farming practices and approaches oriented to address these realities. This would imply large scale adaptation of dryland crop — livestock farming approaches that could to a great extent insulate our farmers from the severity of droughts. Areas with rainfall below 700 mm. should seriously consider adopting Integrated Dryland Farming approaches that open several streams of income and opportunity for the farmer instead of they being only dependent on crops, which in the event of deficit rainfall, is bound to fail. The dryland system farming approach entails targeting of dryland areas for diversification — livestock, horticulture, silviculture, grassland — and agricultural conservation practices

along with *in situ* moisture conservation within watershed areas. Thus a multi-layered response to monsoon failure or deficiency is the key to overcoming the challenges of low productivity and production in our dryland areas.

In spite of huge investments in irrigation, the area under assured irrigation is around 40%. In view of the fact that water is a major constraint in large parts of our country, there is need to recognize its scarcity value and improve its efficiency via micro-irrigation, which includes drip and sprinkler systems. Presently, we have barely 0.5 million hectares under drip and 1.4 million hectares under sprinkler against an assessed potential of 69 million hectares. We need to cover this gap fast for which my Ministry is seriously pushing forward with a micro-irrigation programme that would help spread the network of sprinkler and drip irrigation throughout the country.

Looking at our horticulture potential, we need to optimize and increase the area under fruits, vegetables and plantations. This would have a significant bearing on increasing the income of the farmers, generating employment and adding value to our primary production. The Central Government is shortly launching the National Horticulture Mission that will provide a steady support to all States willing to develop their horticulture potential.

Considering that marketing is an important element in the success of horticulture growth, I seriously urge the States to reform and amend their agricultural produce marketing legislation (APMC Act) that prevents the private sector and other agencies to invest in developing marketing infrastructure or directly sourcing their produce from the farmers. Distress sale by our farmers could only be prevented if there are

adequate marketing facilities, including backward and forward linkages between growers and sellers. For this, a much more open market regime would be necessary, including direct marketing and contract farming. A few places at which such arrangements are in vogue, experience is encouraging. But for a country of our size such arrangements would need to be expanded manifold.

Given the low base and resource constraints in which the bulk of our farmers are operating compounded by the fact that there have been several years of continuous drought in several States, enhancing credit flow into the rural area would have to be taken up in all earnest. I am glad to inform you that with government's emphasis on increasing agricultural credit flow into the rural areas there has been a significant improvement in the credit flow situation. As compared to Rs.36,792 crore disbursements upto

September, 2003, we in the current year have till now reports that Rs.62,799 crores stand disbursed till October, 2004, - a virtual doubling of the credit to the sector. I would like to congratulate Chairperson, NABARD. We hope this tempo is kept up, for which the support of the State would be essential. We are in dialogue with the Ministry of Finance to increase the periods of repayment period of rescheduled loans to 9 years, including a moratorium of 3 years for plantation and horticulture crops. Banks have also been advised to implement a one time settlement scheme for old, chronic loan accounts of small and marginal farmers. These measures cumulatively should have a positive effect on the well-being of the farmers and on agricultural growth, in general.

As you would be aware, the Framework Agreement on Agriculture under WTO was finalised this July. In a fast changing world we would now have to brace up for meeting the challenges that such an 'open

environment' would throw up. With export subsidies being reduced and tariffs coming down, it is necessary that we target the international market, for our produces.

Our country has comparative advantage in a number of products and crops. We need to refine this competitive edge through better quality produce and cost-effectiveness. This would require detailed planning and infrastructure development at all levels. We are extremely conscious of the fact that large scale investments need to be infused for infrastructure and human resource development for meeting the challenges ahead. Better extension services and information to the farmers are also necessary adjuncts. While the Central Government will do its best to ensure that sizeable public investment flows into the creation of infrastructure, it is also necessary that we create the required investment climate, for the private sector to

invest in these areas. It is in this context, that reforms wherever necessary need to be undertaken on an urgent basis. For establishing ourselves as global players, we have to be competitive in terms of both price and quality. Given our wide and diverse production base, it is not difficult for us to emerge as the food factory of the world.

Considering the large dependence of our population on the agriculture, there is need for providing opportunities for large scale employment within this sector, including those for agricultural graduates. We are presently in a situation where the needs of the agriculture sector in terms of information, knowledge, credit and inputs are large while on the other we have millions of unemployed youth in search of employment. The challenge is to put the two together — integrate the need with requirement — and thereby provide opportunities for gainful employment. This is what our

agri-business and agri-clinic centres aspire to do. There are some success stories too, but these have to be multiplied in thousands before we can say that we have satisfactorily met the needs of our farming community and provided employment to our unemployed.

I feel specially obliged to mention the North-Eastern Region of our country, including Jammu & Kashmir, Himachal Pradesh and Uttranchal which have tremendous potential for agricultural and horticultural development, but are still below national averages in production and productivity of most agricultural crops and commodities. With this end in view, the technology mission in horticulture has been launched for the North-Eastern States, including the Horticulture Mission for Bamboo.

Before I end I would like to share with you my deep concern on the low productivity levels of many of the States. Even within the country the variations levels of productivity among States are large. This is indeed an unacceptable situation, especially where availability of water is not a constraint such as in the eastern parts of the country. Our researchers and extension workers have to align their work programmes and show results. I am trying hard to ensure that budget provisions for the agriculture and the water resources sector are stepped up. Each of us at the State and the national level will have to use our ingenuity to ensure that budget provisions for agriculture stand enhanced. With these words I have great pleasure in inaugurating the Conference.

I end by wishing you all a very happy new year.