

SPEECH OF SHRI SHARAD PAWAR, UNION MINISTER OF AGRICULTURE AND CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION IN THE MEETING ON 8TH APRIL, 2010 OF THE CORE GROUP OF CENTRAL MINISTERS AND STATE CHIEF MINISTERS REGARDING PRICES OF ESSENTIAL COMMODITIES

Respected Prime Minister, Finance Minister, Chief Ministers, Deputy Chairman, Planning Commission, Chairman, Economic Advisory Council to the Prime Minister,

2. I welcome you all to this first meeting of the Core Group. I am particularly grateful to Hon'ble Prime Minister who has spared his precious time to be with us today and guide us.

3. Before I come to the issues on hand I will briefly touch upon the happenings in the agricultural sector over last couple of years which in a way has necessitated this meeting today.

4. Growth in agriculture was 4.7% in 2007-08 and 1.6% in 2008-09 against 11th Plan target of 4%. We lost this momentum in 2009-10 due to the severe drought in Kharif. Consequent fall in production, especially of rice, affected supply of agricultural commodities and created upward pressure of prices of foodgrains, pulses, oilseeds and sugar. The loss in production could have been more, but for the resilience shown by our farmers backed by the collective efforts of all the State Governments and the Central Government. Efforts of Punjab, Haryana and Bihar need special mention in this regard.

5. Latest estimates indicate foodgrain production of 216.85 million tonnes during 2009-10, a reduction of 17.62 million tonnes compared to production achieved in 2008-09. However as we come to the end of Rabi season, we are, in all likelihood, looking at a bumper wheat harvest perhaps even surpassing previous year's production. Production of pulses is also estimated to be marginally higher than last year. Good rabi prospects have had a salutary impact on prices of essential commodities which have shown a downward trend over the last month or so.

6. The events of 2009 have nonetheless highlighted the need for a paradigm shift by bringing back 'agriculture' to the centre of the agenda, as we recognized in our deliberations on 6th February, 2010. I am indebted to Hon'ble Finance Minister for announcing three important interventions in his budget speech – a specific allocation of Rs. 400 crore under Rashtriya Krishi Vikas Yojana to help spur second green revolution in the eastern region of the country comprising Bihar, Chhattisgarh, Eastern Uttar Pradesh, Jharkhand, Orissa and West Bengal; allocation of Rs. 300 crore for organizing 60,000 'pulses and oilseeds villages' in rainfed areas; and allocation of Rs. 200 crore for launching climate resilient agriculture initiative through conservation farming. The allocation for schemes implemented by Department of Agriculture & Cooperation has been increased by Rs. 3,735 crore over 2009-10 to Rs. 15,042 crore for 2010-11 which would help the States to

fill gaps for better management of agriculture. The handsome increase in target for agricultural credit by Rs. 50,000 crore, increase in interest subvention for timely repayment of loans to 2 per cent, and extension of loan repayment period in drought and flood affected areas are steps which will provide much needed support to the farmers.

7. I would now like to come to the major issues facing Indian agriculture. The challenges before agriculture are numerous and have, in fact, been encapsulated in the terms of reference of this Core Group.

8. To increase agriculture production and productivity, a range of initiatives need to be pursued such as increasing seed replacement rates and varietal replacement rates; improving fertilizer use efficiency through their soil test based application; enhancing water use efficiency; promoting farm mechanization; developing crop varieties resistant to biotic and abiotic stresses; employing biotechnology to improve yields in crops; and intensifying research in agriculture to bring about another green revolution. Huge gains in agricultural production and income of farmers can be made by making efforts to improve yields in specific crops and regions. For example, Bihar and Madhya Pradesh can increase yields in wheat. Assam, Bihar, Chhattisgarh, Jharkhand, Orissa and Uttar Pradesh can focus on improving productivity in rice. Karnataka, Maharashtra, Orissa and Rajasthan can do better in pulses.

9. To reduce the gap between farm gate prices and retail prices, the problem of fragmented supply chain and inadequate marketing infrastructure needs to be addressed with the help of private investment. Implementation of agricultural marketing reforms through modifying Agricultural Produce Marketing Committee Act has to be pursued by the States.

10. With regard to the Essential Commodities Act, 1955, while many State Governments do not advocate any change, some States have suggested making the law more stringent. While we need a consensus here, the States should fully utilize the powers available under the existing legislation to curb hoarding and speculative tendencies in essential commodities.

11. Delivery of essential commodities to the vulnerable sections of the society through Public Distribution System has remained the cornerstone of Government concern for the poor. A number of studies have highlighted leakages and inclusion/exclusion errors in PDS. The findings of such studies have been shared with the States for taking necessary measures to gear up PDS. Use of technologies such as smart cards for drawal of ration and Global Positioning System for tracking vehicles transporting PDS commodities are being experimented with.

12. Scientific warehousing and storage is another area of grave concern. Increasing agricultural production over the years and record

procurement of 57.66 million tonnes of food grains during 2008-09 have underlined the need for augmentation of warehousing and storage capacity. Further, as India is the second largest producer of fruits and vegetables in the world, a large proportion of the produce gets wasted due to improper post harvest handling and fragmented cold chain. The cost and subsidy norms for cold chain components such as cold storages have been revised upward under the National Horticulture Mission and States have been asked to provide soft tariff for energy intensive cold chain operation. We all have to apply ourselves to this issue and come up with viable solutions. Once again I would like to thank the Finance Minister for permitting external commercial borrowings for cold storages and I hope this will infuse the much needed finance into the sector.

13. Agricultural inputs is another area where much attention is needed. The Government has introduced Nutrient Based Subsidy with effect from 1st April, 2010. Official amendments to the Seeds Bill and the Pesticides Management Bill will be introduced in the Parliament shortly to provide for better regulation of these inputs. Quality control of inputs such as fertilizer, pesticides and seeds to prevent sub-standard and spurious material being sold to the farmer needs to be pursued diligently by the enforcement machinery in States.

14. I have briefly touched upon the main issues. The detailed agenda note has been circulated and the presentation by the concerned

Secretaries will further illustrate the issues. We have eminent Chief Ministers representing States from various regions of the country in this Core Group. We look forward to your advice and suggestions on these issues so that we can collectively move forward towards sustained agricultural growth and more efficient marketing and price management of agricultural commodities to achieve food security for all our citizens.

15. Since the issues involved are complex and would require deeper examination, I propose that after deliberating on the agenda items today and deciding upon the broad strategy and road map, in order to study each issue in depth and zero-in on specific strategies, the Core Group may divide itself into three Working Groups – one to address issues relating to agricultural production and productivity including inputs, the second to look into reduction in gap in farm gate and retail prices and the Essential Commodities Act, and the third to consider better delivery of essential commodities and augmentation of warehousing and storage capacity. These Groups would be serviced by the Department of Agriculture & Cooperation, the Department of Consumer Affairs and the Department of Food & Public Distribution respectively. Once the sub-groups complete their deliberations and suggest specific strategies, preferably within a period of about one to two months, these could be placed before the Core Group in its next meeting for discussion and deciding on the final national strategy.

Thank you.