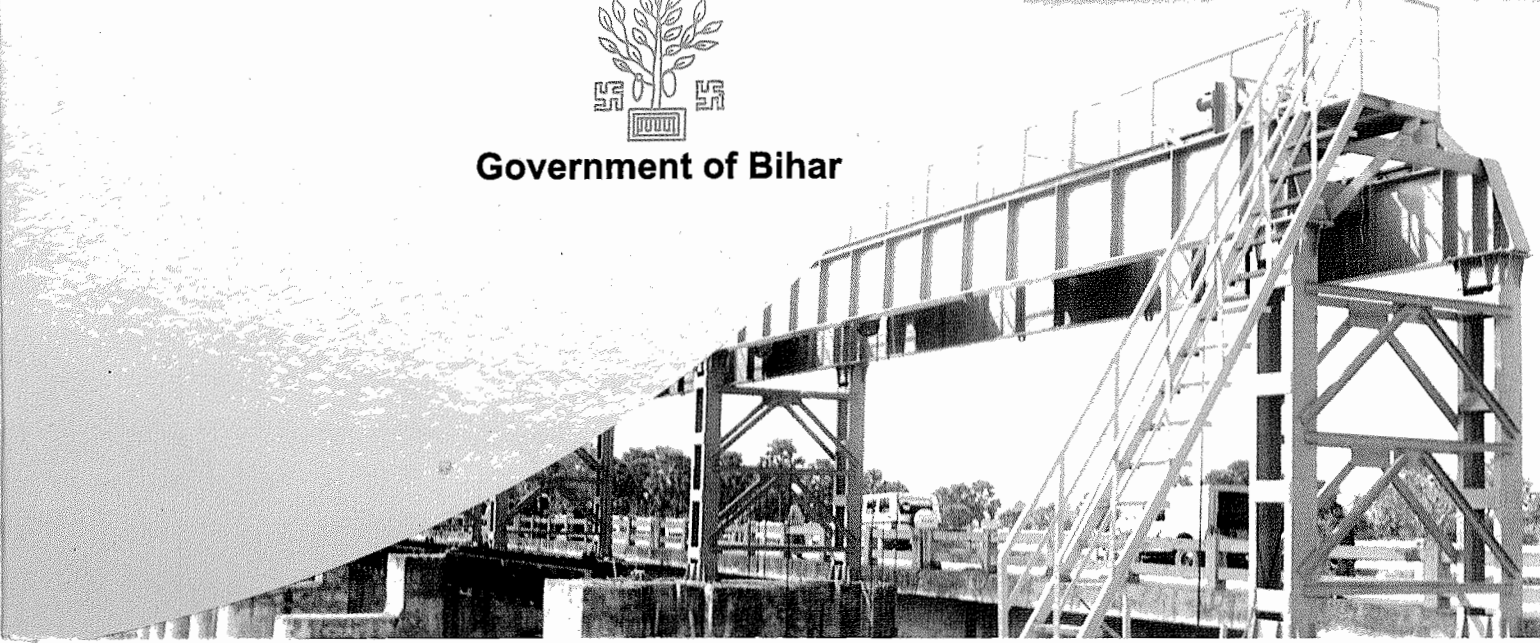
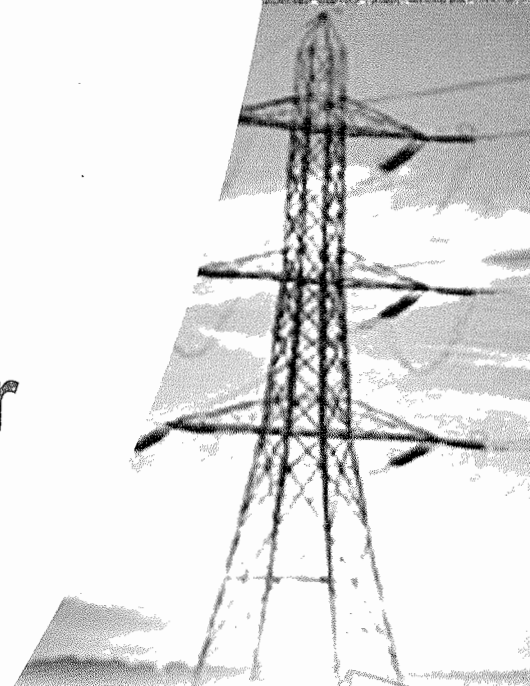


*53 rd meeting of
National Development Council
29 th May, 2007
NEW DELHI*

*Speech of
Sri Nitish Kumar
Chief Minister*



Government of Bihar



**Hon'ble Prime Minister, his Cabinet Colleagues,
Deputy Chairman, Planning Commission, fellow Chief
Ministers, Ladies and Gentlemen**

I am thankful to Hon'ble Prime Minister for convening this special meeting of the National Development Council to discuss exclusively agriculture and food security issues. I also congratulate the Sub-Committee headed by Hon'ble Minister of Agriculture Sri Sharad Pawar for preparing and submitting this detailed report covering all aspects of agriculture.

We are meeting at a time when agriculture – the core of our economy – is at cross roads. There are serious concerns about food security of the country. Agricultural sector is undergoing a crisis, with crop production in recent years presenting a scenario in which growth rate has dipped to negative values from 2000-01 to 2004-05. The situation has almost been similar in Bihar. However the year 2006-07 is the year of rising hopes and the trend, at least in the short term, has been reversed.

It is my sincere hope that this NDC meeting would come up with some major and path-breaking interventions making this a historic meeting.

You may kindly recall that the 11th Plan Approach paper prepared by the Planning Commission projected GDP growth rate at 9 %. To achieve this, agricultural sector has been projected to grow at 4.1%. And for the country to achieve this growth, agriculture in Bihar is expected to grow at 7%. The Approach Paper rightly acknowledges the fact that there is a geographical shift in agricultural growth from areas where it is traditionally strong. For example, the 11th Plan agricultural growth rate assumed for Punjab is 2.4 % and Haryana, 5.3%. The report of National Farmers' Commission under the chairmanship of Dr. M.S. Swaminathan also speaks about the Eastern India becoming the granary of the country. I wish to point out that we should never lose sight of this cardinal fact. Key to food security, both in short as well as in long term, is higher investment in infrastructure, especially in power, roads and irrigation, in Bihar.

The agricultural productivity base in Bihar is low. Direct investment in the sector can raise the productivity by about 25% in Bihar, as NDC sub-committee report notes. My government realises this as figures from recent years would show: The Plan expenditure during 2004-05 was Rs 47.64 crores, with Government of India share being 40%. The Figures for 2005-06 reveal that total plan expenditure on agriculture

was Rs 29.84 crores, with Government of India's contribution being 31.36%. But in 2006-07 the first year of my Government, the plan expenditure on agriculture went up substantially to Rs121.82 crores without practically any establishment or staff content. But the Government of India's share through centrally sponsored schemes has declined to 8.2% of the plan outlay.

Reducing participation of the Union Government is a matter of major concern. Financial resources of the State are not such that it can meet investment requirements in agriculture. Here I wish to point out that Bihar's agricultural growth is not all about increasing productivity. It faces, in certain areas, challenges and problems thrown up by the WTO. Therefore we need to make huge and quality investment in agricultural sector and most of it should come from the Central government. In this connection, I wish to point out that the sub-committee's recommendation that in the incremental investment envisaged in agriculture, the centre and the states will have to contribute almost equally is a sure invitation for disaster of this sector, keeping in view the poor resources of the States. May I suggest, following the financing pattern for macro-mode project, every rupee invested by the State government should be matched by nine rupees by the Central Government.

The NDC Sub committee has made several other recommendations that will have far reaching consequences for the development of

agriculture in the country. While we broadly endorse the suggestions we also like to add further to the suggestions.

The regionally differentiated action plan for agriculture is important to harness the full potential of the region. The recommendations are more or less silent on the planning process. We feel that the action plan should be fortified with the Micro Crop Plan which yielded good results during the 60's when individual farmers' farm plan used to be the basis for drawing action plan. This single wisdom of erstwhile Package programme of the 60s' may be replicated, with all the modern technology available now and with more meticulous planning and input support during the 11th plan.

The recommendation of the NDC sub committee for the need to strengthen transfer of technology is timely, but the measures suggested by the Sub-committee need a fresh look. Agricultural extension system in the country has become weak over the years. There are many extension models, starting from 'Community Development Blocks' to 'Training and Visit' to present day 'Agriculture Technology Management Agency (ATMA)' existing side by side; most of them have become weak and almost irrelevant. It needs to be revitalized with adequately trained manpower. Government of India may suggest a uniform model that integrates the strengths of all the extension models tried and tested during the previous years to the present day ATMA model. A quick decision needs to be taken for extending ATMA to all the districts. In

Bihar, the State Government has established ATMA in all districts from its own funds. The Government of India should share the cost being incurred on the rationalization of the extension system.

Enhancement of seed replacement rate particularly for the foodgrain crops will be crucial in augmenting the crop production. However the measures suggested by the NDC sub committee may not be adequate. We need to spend more in public sector infrastructure for seed development, multiplication and processing. Seed Banks will be critical in situations of mitigating the impact of natural calamities. Sizeable Public sector investment in establishing the seed bank will be important. Public sector seed corporations need to be adequately strengthened with adequate financial allocation from Government. Breeding for crop varieties, which are suited to specific crop situation, is essential. Bihar has short winter and therefore wheat varieties which has short duration of less than 100 days will be important to give a further boost to the wheat production. Similarly for rice varieties which have short duration and fits in well with the rice-wheat cropping system will be essential. A functioning institutional mechanism for marrying agricultural research and farmers' needs should be put in place. This has become all the more important in view of the climate change that the whole world is experiencing.

Fertilizers are the critical input in modern agriculture. I wish to use this forum to point out that fertilizers in adequate quantities should

be made available. There is uncertainty regarding phosphoric and potassic fertilizers. These are needed at the time of sowing. There is, therefore, no reason to spread the allocation to entire crop season. In this connection the Hon'ble Union Minister for Fertilizers and Chemicals had taken a meeting with State Agricultural Ministers in which a lot of important decisions like building up of buffer stock, godowns in every district, extending the dealers network etc were taken. I am sorry to say that the fertilizer companies have not fully implemented these good initiatives.

Maintaining soil fertility will be important for sustainable crop production. The suggestions of the NDC committee will go a long way in promoting Integrated Nutrient Management in the country but we need to support it with matching investment in creating infrastructure for soil testing and also ensuring supply of organic means of soil fertilization.

Agriculture in Bihar has suffered on more than one count. Low public sector investment in infrastructure resulted in diluting the gains on account of the favourable natural endowment. Devastating floods arising out of the Himalayan rivers create huge loss to life and crops in north Bihar. This needs to be sorted out at Government of India level, since these rivers originate in Nepal. The State Government can play only a limited role. Therefore, it is important to allocate larger central assistance for development into critical areas of irrigation, flood control, roads and power.

We wholeheartedly welcome the suggestion of intra-state linking of river basins that has got great relevance to the Bihar scenario. North Bihar has water surplus whereas the south Bihar faces water deficit. Therefore, intrastate linking of rivers will benefit the whole state. This will be a big project and a liberal central assistance will be required.

As Bihar is prone to flood and a sizeable resources are needed to effectively combat flood menace, the Government of India may share 50% of the cost for effectively combating the flood menace.

Most of the rivers arising from the Himalayas have got silted. The river bed has risen. A detailed project report for the deepening of the river Ganga and the rivers of the north Bihar is being prepared. The Government of India may also share the cost of deepening of the rivers project as it would benefit more than nine lakh hectares of agricultural land in north Bihar.

Coming to Minor Irrigation sector I would refer to the Pilot Scheme of Ministry of Water Resources, Government of India titled 'National Project of Repair, Renovation and Restoration of Water Bodies directly linked to Agriculture'. In this connection, I wish to inform that in large parts of South and Central Bihar, there is traditional system of integrated irrigation and drainage, which were present even during Mauryan period, as mentioned in Kautilya's 'Arthshashtra'. The cost of restoration of these water bodies, called 'Ahar and Pynes' is much lower compared

to other schemes. It is estimated that 4.50 lakh hectares of additional irrigation potential can be created by restoring and rehabilitating these traditional systems of irrigation by investing about Rs. 1500.00 crores. Rather than limiting to pilot schemes, the scheme should be extended to cover all of these traditional water bodies during 11th Plan period. Similar central assistance should also be provided to support private tube wells programmes, which in the present form of bank financing and subsidy are not very attractive to small and marginal farmers, who constitute bulk of farming community of Bihar. In this regard, I would like to highlight the deficiency of the design of Rajiv Gandhi Grameen Vidyutikaran Yojana which provides for single phase connections only. If ground water utilization is to be given a boost in the eastern region, it must provide for three-phase electrification if necessary through a separate feeder so that at least regulated electricity is made available for running the irrigation pumpsets. The RGGVY projects need urgent revision on this count.

Bihar has repealed the APMC Act. It is expected to give a substantial boost to promotion of direct marketing, and setting up of markets in private and co-operative sectors. There has been increased interest by the private sector into marketing and processing of agriculture produces. The suggestions of the sub-committee regarding marketing are all within the ambit of APMC Act. As regards contract farming we fully agree to the suggestion that the land ownership should not be

diluted in the process of contract. Introducing new regulations for dispute settlement should only be thought of if the existing laws are inadequate. Our experience is that introducing more regulations in the farming sector is detrimental to the farmers.

However, procurement at Minimum Support Price will be critical in giving a further boost to agricultural production in the country. With input prices and cost of cultivation rising, the whole concept of Minimum Support Price needs to be revisited. A time has now come that farmers should be assured about the remunerative, rather than minimum support, price for their produce.

NDC sub committee recommendations on improving credit outreach are one important area which requires focused attention. The suggestion of Debt settlement forum at district level which not only settles disputes arising in between the farmers and banks but also with the moneylenders will go a long way in protecting the interests of the small and marginal farmers. We also welcome the suggestion of improving the cooperative credit structure in the country and more specifically implementing the Vaidyanathan Committee report. Bihar has already signed an MOU with NABARD for implementation of the Vaidyanathan Committee report.

Bihar farmers mostly belong to marginal & small category with little credit worthiness. Cooperatives are the sole source of credit for the poor farmers. Therefore it is also expedient that the NABARD may

relax the refinancing conditions for Bihar & similar states. The Government of India may also consider providing financial assistance for the insurance of small savings through PACS. A provision to provide financial assistance to PACS from the commercial banks & the regional rural banks may also be considered so that the PACS get an uninterrupted flow of fund, in cases of central cooperative banks becoming sick and not in a position to refinance.

Risk hedging will be an area most critical in making farmers adopt modern crop technology. The NDC sub committee has suggested that the crop insurance scheme covered under Government's subsidy regime should not include high-risk crop. It needs to be reviewed, because such a recommendation stands in the way of crop diversification. The central Government may provide liberal assistance for strengthening of the administration of Insurance in the country. There is diversity in planting season, time of sowing and harvesting of crops across the country, a region specific/state specific insurance product will be more useful than the present omnibus scheme for the entire country.

Realising the importance of Dairy, Fisheries and Poultry sector in supplementing the incomes of the rural poor, our Government has initiated action on revitalizing the same. In the process, we have sincerely felt the need for setting up at least one National Level Training Institute for these sectors in Bihar. Similarly, a Regional Seed Testing as well as

Feed Research and Development Laboratory is also required in the Eastern Region.

A well-formulated Land Policy is critical for enhancing productivity and diversification in the Agriculture sector. However, we have to proceed in this matter cautiously and each State has to formulate its own strategy keeping in view its land ownership structure and other factors. Unwritten lease arrangements do not augur well for either production and the productivity. Tenancy laws have to have provisions to ward off fear of losing land from the mind of the landowner on the one hand and to ensure, on the other, that lessee is not evicted arbitrarily. We have constituted the Bihar State Land Reforms Commission with a view to suggest inter alia legal measures to regulate leasing of land for the purposes of agriculture. In this back drop issues viz. making land leasing legal, fixing size of holding, recording at Gram Panchayat and enabling lessee to obtain credit against pledging of expected output, group leasing by women and self help groups etc are acceptable and should be considered for implementation.

To sum up, we welcome the NDC sub committee's suggestion of up scaling public investment and redressal of regional imbalance, but at many places in the sub-committee's report, the suggestions are to pass on additional financial burden to the States. As mentioned earlier, the Government of Bihar has substantially increased the plan outlay

for Agriculture, out of its own resources. The thrust of the sub committee report is differentiated action plan on the basis of agro climatic conditions. This calls for financing based on gaps in investment, infrastructural requirement, potential for growth etc. The sub committee's recommendation for funding this through ACA to be operated by Department of Agriculture and Co-operation will not be suitable to address regional differentiation. ACA generally comes with conditionalities and this could grossly distort drawal of funds by the States. I wish to emphasize that agriculture is a state subject and should remain so. States are fully aware of their responsibilities. Therefore it would be our request that fund requirements of the proposed action plan should be worked out for a period of five years and should be transferred to the State Government as budgetary support.

Jai Hind !