



सत्यमेव जयते

Government of Rajasthan

53rd Meeting of the National Development Council

Speech of
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New Delhi

Hon'ble Prime Minister, Deputy Chairman Planning Commission, Chief Ministers, Union Ministers and friends,

I am thankful to the Members of the NDC Sub Committee for their comprehensive recommendations for the revitalization of the agriculture sector, which is of crucial importance to 70 percent of our population. These recommendations come at a crucial stage when we are in the process of finalization of the XIth Five Year Plan, in which a focus on Agriculture would be critical for achieving the agenda of inclusive and accelerated growth.

2. Rajasthan's vision for achieving equitable and sustainable growth in agriculture aims at addressing the challenges of employment generation, poverty reduction, and balanced regional development. Our strategy lays emphasis on attracting larger public and private investments for the development of natural resources, mobilizing credit flows for crops and on-farm development, encouraging programs to address the needs of resource poor farmers, with focus on small, marginal and women farmers, and strengthening the agriculture extension and delivery system with focus on information management, education and coordination. I am happy to note that

the NDC Sub-Committee's recommendations are broadly in line with our strategy.

3. It is imperative for the Central Government to ensure acceleration of investment in the agricultural sector by increasing plan allocations, both to the Central Ministries as well as to the States in order to achieve growth rate of 4 percent in the agriculture sector. My Government has taken several measures for rationalizing the composition of public expenditure by careful prioritization of inter-sectoral allocations so that enhanced amounts are available for capital formation in agriculture. However, we recognize that private investments would also be needed to drive agricultural growth.
4. The NDC Sub Committee leaves far too much responsibility on States to find additional public investments for agriculture. This may not be easily forthcoming. It is the Center that must find the additional resources for public investment as envisaged by the NDC's Sub Committee. I call on this forum to announce a Rs. 50,000 crore package as public investment support as Special ACA to the States for Agriculture and Food Sector. This could be incorporated as an additional component under the Bharat Nirman Project.
5. We support the NDC Sub Committee's proposals for adopting a regionally differentiated action plan to

arrest the decline in agricultural productivity. Rajasthan accounts for over 10 percent of the country's geographical area but has only 1 percent of its water resources. Some part or other of the State has suffered droughts in 40 of the past 50 years. Two thirds of the State is arid or semi-arid, with poor soil fertility, low water holding capacity and high infiltration rates. The majority of farmers are small and marginal with limited access to technology, credit and markets and the growing pressure on water resources poses a major challenge to their livelihoods. Animal husbandry, often, is the only alternate source of income in view of the high risks involved in agriculture in our State. Rajasthan has 10 agro-climatic zones, each of which pose diverse challenges for agricultural development, requiring huge levels of investments. We support the proposed region-wise special ACA to increase agricultural productivity and farm incomes.

6. The strategy for agricultural growth would not only have to address issues of crop production and productivity involving soil health improvement, soil fertility, extension, timely availability of quality inputs and better agronomic practices but also focus on relevant down stream and up stream activities including irrigation, power, watershed development, credit, insurance, post harvest technology, marketing,

value addition etc. which would be essential to improve sustainability of farm incomes.

7. The seed replacement rate has only reached the level of 15% despite implementation of the organized seed programme since the mid 60s. 85% of the seeds used are farm saved. It is, therefore, necessary to improve the stock of farm saved seeds for enhancing crop production and productivity. For this, seed production, seed distribution and other connected aspects will have to be improved and strengthened at the farmers' level. It would be necessary to strengthen research on seeds, as part of the regionally differentiated action plan, based on the specific needs of agro-climatic zones and agro-ecological situations. The Government of India should also support private sector initiatives in this regard, and all efforts should be made to adopt inputs from the private sector into the ICAR system. The public research system has to be made accountable to the actual needs of the farmers. A system of incentives should be devised to provide a share of the proceeds of commercialization to the scientists who develop new technologies.
8. You would recall the problems arising out of inadequate availability of fertilizers last year. I would request the Central Government to take all measures necessary to ensure timely and adequate availability of fertilizers to Rajasthan. We would support the

suggestion for a Nutrient based subsidy model that would help in bringing about balanced fertilizer use and improved soil health. The current pace of treatment of degraded lands also leaves much scope for improvement. We would require huge investments for reclamation of degraded lands, including lands affected by salinity and sodicity.

9. The existing T&V based extension system is on the verge of collapse. The 'ATMA' model provides for integrated planning to meet locally felt needs but does not strengthen the extension system. The Central Government needs to infuse a fresh dose of funds to strengthen the extension infrastructure. This would help the states in developing a decentralized demand driven extension system through new institutional arrangements for technology dissemination at district, block and panchayat level by greater convergence of line departments.
10. Credit at the right time is vital for the crop production cycle. We support the creation of Special Agricultural Credit Plans on an annual basis. All steps should be taken to double the credit flow to agriculture within a period of 3 years and to provide some debt relief to farmers within the limits of financial prudence. Rajasthan's credit-deposit ratio remains below the National indices. Keeping in view the Finance Minister's announcement to provide credit to another 5

million farmers, we would expect greater support from the Financial Institutions to the agriculture sector. The recommendations of the Thorat Committee should be adopted and credit flows to districts with credit-deposit ratio of less than 40 percent should be ensured. Self Help Groups should be encouraged through a separate window of credit.

11. An encouraging start has been made in the proposals for increasing the limit of collateral free loans to farmers to Rs. 1.50 lacs through the Kisan Credit Card scheme. Opening of a bank account and issue of a Kisan Credit Card to every farmer in a time bound manner would be the first step for achieving inclusive growth. So far we have issued 27.69 lac Kisan Credit Cards.
12. While we welcome the decision of the Government of India to provide 2 percent interest subvention to cooperative banks in order to enable them to provide crop loans to farmers at interest rate of 7 percent, we would suggest that the Centre Government should provide full interest subvention so that cooperative credit institutions can provide crop loans at the reduced interest rate on a sustainable basis.
13. NABARD had committed to provide 40 percent of refinance at concessional rate of 2.5 percent for the year 2006-07 which would increase every year by 0.5 percent till 2009-10. Accordingly, the interest rate for

the current financial year will become 3 percent and it will increase to 4 percent by 2009-10. With an increase of half percent every year the available margin to short term credit cooperative structure will gradually become unviable. The current policy of increasing the lending rate every year will affect the gains which are likely to accrue due to the Vaidyanathan package. It is suggested that the interest rate should be frozen at 2.5 percent and NABARD should continue to provide 40 percent refinance at this rate.

14. The Central Government had promised to redesign the National Agricultural Insurance Scheme to make it more farmer-friendly. The scope of the scheme should be enhanced to cover more crops against the vagaries of the weather and of the market. The Central Government must continue to participate in risk management in agriculture without overburdening the States till such time that the scheme attains wider popularity amongst the farmers.
15. Farmers have often been burdened with severe debt stress in times of calamity. So far the States have had to provide relief to the affected farmers by waiving and rescheduling their debts. The financial implications of these efforts have been enormous. I am enthusiastic about the proposed National Agricultural Stabilization Fund, which represents an institutional mechanism to provide relief to the farmers by waiving their debts in

times of calamities. This Fund could be created through annual contributions from our cash rich nationalized banks out of their profits.

16. The existing minimum support price regime distorts the production system in favor of high water consuming crops like wheat and paddy. To encourage crop diversification from cereals to oil seeds, pulses and horticulture and medicinal crops, the Government of India needs to also cover these crops under the minimum support price mechanism. The Central Government should announce the MSPs before the cropping season to facilitate crop diversification. This requires a long-term sustainable policy since short-term decisions give contradictory signals to farmers, because imports dampen domestic prices and cause disincentives for future production, as has recently happened in respect of wheat and pulses.
17. Placing a limit on quantity to be procured and stoppage of procurement on a pre-determined date causes avoidable distress to a large number of farmers, forcing them to sell their produce below MSP levels. Government of India should not place a limit on quantity to be procured on MSP and procurement operation should be continued as long as the market prices of that particular commodity are ruling below MSP. The mustard farmers of Rajasthan have had to

resort to distress sales due to such unreasonable restrictions on procurement.

18. The ongoing reform initiatives in agricultural marketing are in consonance with the increasing market orientation of Indian farming as well as with the expanding consumption profile and its preferences. However, the pace of reform and development process needs to be accelerated and fine-tuned to meet the emerging challenges. The importance of post-harvest management cannot be over emphasized. While the Central Government has taken initiatives to promote post-harvest management activities, including warehousing and storage, such activities require large investments, which are not easily forthcoming due to low levels of central assistance. Other important activities like grading, standardization and quality control of farm produce and their processing need to be encouraged by attracting private investments through a package of incentives for investment in infrastructure, including on strengthening of requisite backward and forward linkages in a projectised manner. Agri Export Zones have failed to take off precisely for want of such investments. A policy framework is required for forging Public Private Partnerships for development of infrastructure, especially for post-

harvest management, agro-processing, marketing and exports.

19. The Animal Husbandry sector is particularly crucial to my State, especially to meet the challenge of rural livelihoods, poverty reduction and equitable and sustainable growth in the drought prone economy of Rajasthan. We need to protect and improve the quality of indigenous germ-plasm in the live stock sector. This will also enable us to take advantage of the hardiness that comes from acclimatization. Our research network must give us breakthroughs to increase productivity of indigenous breeds. Surprisingly, the recommendations make only a passing reference to small ruminants like sheep and goats, which can contribute significantly to GDP, and are an important source of non-farm income for the farmers. I also call for specific Government interventions for development of this sector. We, on our part, are trying to forge public private partnerships to realise the immense potential offered by this sector through processing and value addition.
20. The importance of soil and water conservation for increased agricultural productivity and sustained livelihoods of the rural people can hardly be overemphasized, particularly for the desert, drought prone and rainfed areas of Rajasthan. Harsh climatic conditions make it incumbent on us to take immediate steps necessary to conserve soil and every drop of

water. Community based water resource management is the best way to achieve this.

21. I endorse the approach recommended for watershed development by bringing all watershed development programs under the National Rainfed Areas Authority. Taking up the entire area of the watershed for treatment, in contrast to the present piece-meal approach, is a step in the right direction and would certainly result in better outcomes. It is a matter of concern that investments in watershed projects have not brought about increased agricultural productivity. The approach for allocation of projects should be demand driven, with full involvement of the beneficiaries. While there has been a gradual increase in the allocation of resources for watershed projects, these allocations need to be further enhanced.
22. We welcome the recommendations for enhancing the level of financial support under Accelerated Irrigation Benefit Programme. AIBP requires the States to raise 76 percent of project cost from market borrowings. The NDC Sub Committee is in favor of extending plan support to minor irrigation projects through AIBP. If this were to be done, Central share in project costs should be increased.
23. Rajasthan had prepared an action plan for the period 2005-09 under 'Bharat Nirman', envisaging creation of additional irrigation potential of 10 lac hectares for

which Rs. 2200 crore was sought from Government of India. I reiterate my plea for expeditious sanction of our proposal. At present, OFD works are not part of Major and Medium projects. CAD & WM works are sanctioned by Government of India only after 60% of the command area of the main project is opened up. This results in unnecessarily increasing the gap between potential created and potential utilized. OFD works should be compulsorily made part of the project itself. Water utilization efficiency in existing projects is very low. It can be increased by rehabilitation of projects which will cost less compared to new projects. Government of India should provide 100% assistance for Extension, Renovation and Modernization of projects that are more than 25 years old.

24. Optimum utilization of water is the need of the hour. Rajasthan Government has decided that only sprinklers would be used to irrigate the entire command of 2.46 lac hectares created under the Narmada project. Dedicated power lines and underground pipelines have also been planned in this project. It is requested that OFD works through underground pipelines should be allowed under the CAD&WM scheme. In order to incentivise optimal utilization of scarce water resources, I would also urge that the subsidy on drip and sprinkler should be increased from 50 to 75 percent. We would also

prioritize availability of water to areas that adopt better water management practices through sprinkler and drip irrigation.

25. Rajasthan has not received its due share of water from various Inter-State Agreements. I have, on many earlier occasions, highlighted that inter-state disputes relating to sharing of Ravi - Beas and Yamuna waters need to be resolved expeditiously for creating additional irrigation potential of about 10 lac hectares in Rajasthan. These issues are far from resolution and should be expeditiously decided by an apex body under the chairmanship of the Prime Minister.
26. Ground water is being drawn at a rate of about 125% of its annual re-charge. We, in Rajasthan, have taken serious note of this situation and have decided to involve the community in the conservation of water. Last year, we undertook 'Jal Chetna Yatra' just before the Kharif season, which covered over 18,000 villages across the State to spread awareness about the need of optimal utilization of water. Encouraged by this response, the second phase of the 'Jal Chetna Yatra' is being launched from tomorrow for a month, and will cover about 20,000 villages. Farmers are also being educated to adopt crops requiring less water, modern irrigation techniques and agriculture practices.
27. Rajasthan has also prepared a Master Plan of Water Harvesting. 48,000 water harvesting structures have

been identified, out of which about 16,000 have already been constructed. Farmers are being encouraged to construct water harvesting structures for conservation of water. Last year 1,26,000 such water harvesting structures including farm ponds, anicuts etc. were constructed by PRIs and NGOs with the help of the State Government.

28. Electricity is another necessary input for agriculture, not only for optimal utilization of water and stabilizing agricultural production but also for diversification of agriculture and value addition. Rajasthan was the pioneering State in power sector reforms in the Country and an Electricity Regulatory Commission was set up in 2000. The Electricity Act, 2003, already provides for a mechanism for determination of price of electricity. However, the National Tariff Policy is still to be notified and an early decision in this regard would help bring about uniformity in the general approach to tariff fixation.
29. The reforms in the Power Sector have to be targeted to enhance access to electricity to all, especially farmers. The long waiting list of pending applications for agriculture connections in the State has been addressed by us on priority. The Agriculture Connection Policy has been simplified and connection charges sharply reduced to benefit more than 1.20 lac farmers. The distribution companies are being

supported by Government grants to provide additional power to farmers especially during Rabi season.

30. The key challenge is to reduce T&D losses. We have undertaken an ambitious programme to renovate all the 11 KV rural feeders in the State under the “Shyama Prasad Mukherjee Vijay Jyoti Feeder Sudhar Abhiyan”. An investment of Rs. 3900 crores is expected on this programme, which would benefit all consumers in rural areas, especially farmers. Over 3000 feeders have already been renovated and the remaining would be completed next year. We have achieved remarkable success in both reducing the T&D losses by record 5-6% in one year and are able to provide 24 hours supply to rural domestic consumers on feeders on which losses have come down to 20%. Just yesterday, in the Conference of Chief Ministers’ on the power sector, we have requested that this programme be funded under the revised Accelerated Power Development Reforms Programme.
31. Land tenure laws need to keep pace with the changing times. The recommendations of the Sub-Committee stresses the need of allowing leasing of land with certain safeguards so as to ensure a viable holding size and to facilitate flow of technology and capital in agriculture. The existing Rajasthan Tenancy Act as well as the proposed new legislation in this regard provide for subletting of land on certain conditions.

This, it is hoped, should take care of the suggestions of the Sub Committee.

32. There is a reference to the concept of Land Share Company in the recommendations of the Sub-Committee. While framing such a policy, adequate safeguards have to be provided to prevent alienation of land of the farmers. Apart from measures for the protection of the interests of the tillers, the provisions of the ceiling law need be accommodated in such a policy.
33. I would like to end by drawing the attention of the NDC to the urgent need of addressing the serious issues before the agriculture sector. The 9 percent growth rate in the economy, and our target to achieve double digit growth in the XI plan, will be rendered meaningless if our farmers are excluded from its benefits. The accelerated growth of agriculture would unleash the tremendous growth potential of our economy and put it in a high growth orbit. The spin offs from the resultant demand from the rural areas would give a further fillip to our economy and pave the way for more inclusive and equitable growth, which has been the prime objective of our economic policies.
34. I thank you, Sir, for giving me this opportunity of sharing my views with you today on this subject of vital importance.

Jai Hind.