



**FIFTY THIRD MEETING OF
THE NATIONAL DEVELOPMENT COUNCIL
TO
CONSIDER ISSUES RELATING
TO
FOOD AND AGRICULTURE**

**SPEECH OF
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***Hon'ble Prime Minister, Respected Deputy
Chairman, Planning Commission, Galaxy of Union
Cabinet Ministers, Distinguished Chief Ministers
and Friends,***

At the outset I sincerely thank the professional duo; the Chairman and the Deputy Chairman of the Planning Commission for the care and concern shown in convening a special meeting of the National Development Council to deal with issues relating to the most crucial sector, namely Agriculture. I express my sincere gratitude to our Hon'ble Prime Minister, Union Agriculture Minister and his team for the initiative taken to rejuvenate the farm sector at this critical juncture.

Agriculture is not merely a sector contributing a certain percentage to our economy, but is the central

avenue around which the hopes and aspirations of our majority people converge. And, it shall remain so not only during Eleventh plan but decades beyond. It surely is a gigantic task to rejuvenate this most important sector. But all of us together have to do it – and succeed.

We are mainly here because agricultural sector and hence farmers are facing a series of new challenges not only because of constraints and shortcomings of domestic dimension but also due to globalization and an emerging world order. The nation should be concerned about the food and nutritional security of over 1.1 billion people inhabiting the country and the future add-ons. Increasing demands on limited resources of land are already evident from the scenario of collapsing fisheries, depleting water resources, rising atmospheric temperature and CO₂

levels, eroding soils, degrading biodiversity, falling water tables, shrinking forests, expanding deserts, melting glaciers, rivers that are running dry, changing global climate and dwindling reserves of fossil fuels, which have been the main source of energy requirements of the world today and nearly all these environmental trends affect food security to a great deal.

It is a matter of great concern that even while we have not completed celebrations of the benefits of the Green Revolution unleashed in the middle of the last century, we are compelled to address the problems of food shortages, which seem inevitable, given the growth in population on one hand and depleting resources, both in real terms and in relation to population growth, on the other. Our country which till recent years enjoyed considerable food surplus

situation, of late, has started importing food grains to meet its internal requirements. There has been either stagnation or deceleration in the rate of growth of production and productivity levels of food grains in general and in particular wheat and rice during the past decade and half. Most of the agro-products like Sugarcane, Corn, Rapeseed, Mustard, Sunflower, Potato and Palm Oil may in future be used for production of Ethanol as alternative to petroleum products. Consequently, the land available for food grain production will come down even further.

A quarter of our population lives below poverty line, and spends a major portion of their income on food. Even a modest rise in the food prices can quickly become life threatening. The issue of food security and providing food at an affordable price, therefore, is very critical for societal peace and tranquility. At a

time when we are struggling to meet our commitments on reducing extreme hunger by at least fifty percent by the year 2015 as enshrined in the Millennium Development Goals, we already have at our hands a major responsibility of finding adequate food for the additional population in decades to come. This by no means is an easy task.

One of the major challenges of the 11th Plan must be to reverse the deceleration witnessed since mid nineties. This decadal deceleration is the root cause of rural distress. It has impacted adversely upon all farm size classes. Its consequences are surfacing as a tragic human story with unfailing regularity across the country.

To get out of the morass, nothing short of yet another agricultural renaissance has to be ushered

in with due focus on enabling the farmer in getting his/her legitimate return, on investment, commensurate with the total efforts he has put in and without leaving him at the mercy of monsoon, middlemen and market forces. Productivity enhancement sweeping the entire crop spectrum especially grown in dry land geography must be taken up in a Mission Mode. Agricultural growth should be raised to 4.5% with Crop sector contributing around 3% and livestock sector adding up another 8%. Both the figures may look daunting. Yet, they are within the realm of possibility. Our experience in A.P. surely reinforces my confidence.

Agriculture continues to play a significant role in the overall economy of our country. In the recent decades, we have witnessed that the share of agriculture to the overall GDP has been steadily

falling. Although the declining share of agricultural GDP in overall GDP is a sign of development, it should be simultaneously associated with similar structural transformation in employment pattern. There is a large gap between the rate of decline in share of Agriculture GDP and decline in share of workforce in agriculture. Nearly 60 percent of workforce is still directly engaged in agriculture while its contribution to GDP is 21%.

There must be a careful follow up on the consequences therefore and calls for immediate attention of policy interventions to improve agriculture-driven rural employment opportunities in order to move labor force from agriculture sector for diversifying the income-base of rural households. In spite of rapid strides made in Agriculture and allied activities, providing food security to vast millions of population, the economic condition of the farmers

unfortunately has not improved. Due to unprecedented growth in population during the last 50 years and lack of employment opportunities in non-farm sectors to accommodate the growing population, a phenomenally large population continues to be dependant on agriculture, leading to fragmentation of land and substantially lower incomes. Unless the second Green Revolution that we are now talking about leads to improved welfare of the farmers, we cannot sustain the growth in agriculture.

My experience is that about 62% of the work force in our state is directly employed in agriculture. About 40% of our agriculture is under irrigation and the rest is dry land agriculture. Not long ago, there was widespread distress among the farming community. We have immediately strengthened the agricultural extension services, worked closely with the banks

for making more money available to the farmers and developed seed village programmes. More than that, we have embarked upon a massive programme of augmenting the entire irrigation potential available in the state. The programme is to bring 3 million hectares additionally under assured irrigation within the next 10 years. In the first 3 years, we had already spent about Rs. 19000 crores on irrigation, which is much more than what was spent during the preceding 15 years. I shall elaborate on 'Jalayagnam' in the later part of my speech. Even after completion of all the irrigation projects, 40% of our agriculture will continue to be rain dependant. So, we have decided to have a special strategy for development of those areas for improving the livelihoods of people living there. The strategy is to encourage watershed programmes for increasing the groundwater levels and for recharge of ground water aquifers. This will lead to reduction

in soil erosion and increase in cropping intensity. We are encouraging people to take up animal husbandry, more particularly dairy and poultry. The government has decided to work closely with the Forest Department for setting up of fodder banks from the hay, and green matter that is available in the forest. Government is also setting up many Bulk Milk Chilling Units and downstream processing units.

Under Watershed development I would like to recommend that States should be assisted to step up the pace of implementation of watershed Development Programme, so as to completely cover left over areas, in a time bound manner, in the next 10 years and the area of a Watershed should be enhanced from 500 Hectares to a size encompassing geo-hydrological reality.

Horticulture is one more area, which is ideally suited for dry lands. Government is offering huge subsidies to farmers for installing micro and drip irrigation facilities in those areas. We have announced an attractive package to encourage farmers take up renewable energy plantation for production of bio-diesel through agro-products like Jatropha and Pongamia in dry land areas. The government is allotting lands to the poor farmers for taking up renewable energy plantation and also extending them financial support for development of land. Under National Rural Employment Guarantee Scheme, the farmers are paid an assured wage by the government to develop their own farms. We have gone to the extent of offering assured off take at an assured price of Rs. 10 per kg of Pongamia from the farmers. As I have already said, we could enhance the investments in agriculture and irrigation in the last three years by

ten times compared to the previous periods. We did this against all odds and constraints and we will continue to do this. Somewhere - and some how, we have to break the shackles to move forward. What has come true to my state could be true to other states as well. May be, we have to find resources for investments. The first green revolution, which was input intensive and which provided the much needed food security might have developed a fatigue. So, we have to make substantial investments in soil conservation and eco-technologies.

Under Horticulture our recommendations are:

- i) Incentives on post harvesting technology like pack houses or cold storage shall be increased from the present 25 per cent subsidy of unit cost and
- ii) Food processing industry shall be encouraged with better incentives.

Investments have to be made by Governments in R&D for biotechnology, for better seed development and other crucial areas. We have to revisit agricultural education, extension and technology transfer for enhancing the total factor productivity and for increasing the technology use efficiency in wet lands. The governments should also help the farmers to take up organic farming. Investments have to be made in irrigation and in research for better water utilization. We have to protect and improve soil conditions in areas covered by green revolution through transfer of appropriate technologies and by taking steps to prevent the soil from flooding, water logging and other hazards. The future investments may have to be made for development of rain-fed areas, in the same way as we have done during the first green revolution in the irrigated areas, as the dry lands which comprise around 60% of Indian agriculture have to contribute

substantially for the future food security. We have to invest extensively in the development of appropriate technologies and quality seed, essentially suitable for dry land agriculture. Substantial investments have to be made in non-farm sectors in dry land areas to help a large section of people in those areas to migrate to new vocations. Water conservation and water use efficiency technologies are instrumental for development of agriculture in dry land.

I take this opportunity to urge the Government to consider the following under Agriculture:

- Budgetary allocations to Agriculture and allied sector must be increased substantially.
- Marginal and problematic soils like Saline and alkaline soils should be brought under cultivation with suitable crops and bio-fuels.

- Incentivised farm mechanization to be supported on large scale.

Livestock and Fisheries Sectors have come to contribute very substantially to the Agricultural GDP. There should be special focus on these sectors and investments have to be made in animal healthcare, fodder and down stream processing units. These sectors serve as the major insurance to farmers during the years of drought. All over, not a significant percentage of fruits and vegetables produced are processed for lack of proper value chain system. Investments have to be made in cold chains, processing, packaging and rural roads for providing value addition to the farmers.

Jalayagnam

Timely irrigation and scientific Soil - Water management provides the essential lifeblood to the crop economy. Completion of irrigation projects with network of canals and field channels has been taken up on a war footing. Our experience during last three years is highly encouraging. An ambitious plan of creating 73 lakh acres fresh ayacut and stabilizing 22 lakh acres by constructing 30 major and 18 medium projects is under implementation. Of these projects, 8 are slated for completion during this year and work is moving on a fast track. An irrigation potential of 12 lakh acres has already been created during last three years. All other projects are scheduled for completion in a phased manner and we are determined to complete them all by 2012. Resettlement and Rehabilitation policy with a new organization structure has minimized litigation.

Modernization of Godavari - Krishna irrigation system along with drainage and construction of bunds along major rivers and canals is yet another initiative. It would provide major cushion against torrential rains ravaging crops, livestock, property and population.

Minor Irrigation and livelihoods programme has also been scaled up in an unprecedented manner. A major programme of revival and restoration of all water bodies including Panchayat Raj tanks has been initiated. To ensure optimum utilization of surface water run off, an analysis of water use efficiency of each hydrological unit is being carried out. All these initiatives would revive and rejuvenate 32 lakh acres ayacut.

Bharat Nirman, inter-alia aims at creating 10 million hectares irrigation potential. As 'Jalayagnam'

get accomplished, I humbly submit that 30% of this lofty goal shall be A.P's contribution. We, therefore solicit total cooperation and facilitation from various Ministries of GOI in this auspicious national endeavor.

Apart from bringing a large swathe of geography under irrigation, these projects would in fact serve multi purpose. Drinking water to all the en-route villages, increasing inland fish production, adequate water needed by a huge bovine population and considerable enhancement in tourism and recreation are the obvious byproducts of these projects. After all, water powers and sustains life in all its forms – be it mankind, animal kingdom or crops.

It is a simple two pronged approach – Harness every drop of water flowing into the sea and optimize crop per drop for improved livelihoods.

India is a riverine country blessed with innumerable river systems. Perhaps, the same strategy of harnessing maximum surplus water flowing into the sea could provide substantial life blood to rejuvenate India's crop economy.

Coming to the recommendations made in the agenda, I would like add that the state Governments should be given the choice of adopting its own mode of recovery of water charges instead of following the Maharashtra model.

Livestock

Livestock sub-sector is doing fairly well even during drought years. It is providing sustainable daily income to nearly 60 lakh families even during adverse seasonal conditions. The survival of pastoralism is

crucial for sustainable land use. Besides conserving domestic biodiversity, it is a means of producing food in dry lands without depleting ground water resources. Budgetary allocations towards live stock could yield highest returns. Fisheries in Andhra Pradesh have the potential to grow exponentially with the increase in the water-spread area due to the Irrigation Projects underway. This sector needs a totally fresh look altogether. Historically, it is treated as allied to Agriculture. By Eleventh Plan, its contribution to GDP may almost equal to that of crop sector. Thereafter, it may be the dominant sub-sector under Agriculture. Therefore, time has come to appropriately change our approach and provide solid budgetary support to this important sub-sector as well. In years to come, there may not be anything like 'sub' about it. Time has come to support this booming yet eco-friendly sector.

In furtherance to the conclusions and major recommendations pertaining to Animal husbandry, Dairying and Fisheries I would like to suggest that in so far as dairying is concerned, every effort shall be made to bring down the share of unorganized sector from the current level of 70% to 30% by increasing organized milk procurement through cooperatives, SHGs etc.

Interests of small and medium size dairy producers shall be protected by announcing minimum support price for milk in order to sustain the activity especially because at the current level of pricing the activity is not sustainable and the traditional dairy farmers are steadily withdrawing from the activity.

Credit to livestock and fisheries sector should be raised to Rs. 20,000/- crore annual during XI Five Year Plan with 3% interest rate on par with S.H.Gs.

Agriculture Research, Extension and Marketing

We have a vast Agricultural Research System. It has served the country well during 70's & 80's. But somehow, the elan is missing thereafter. Reasons may be very many – But Business as usual approach shall be disastrous. Food grain production for last decade or so is unable to keep pace even with declining population growth rates. It is worrisome. Imports may provide short term solution. But, as a country with 1.1 billion people and growing at 1.6%, we must be able to produce enough food during every single year – for all the times to come. And for that, research must regain its past elan witnessed during 70's & 80's.

'Knowledge deficit', is identified as one of the constraints by National Farmer's Commission. We may perhaps think of inter-connecting all research institutions, extension directorates and Agricultural marketing yards with multilane cyber corridor with adequate Bandwidth through a Satellite. It is possible for groups of farmers to interact with research scientists, extension functionaries and market managers at the same time to arrive at better and informed decisions. Electronic soil quality cards may also be introduced. All knowledge based technologies must keep the farmer informed about appropriate crop, seed, package of practices and market opportunities available at his doorstep. It would save him from distress.

In response to the agenda on this aspect, I would like to recommend that:

- i) Under National Agriculture Research System (ICRA/SAU) the funding for Agricultural R & D should be increased from the present level of 0.5% GDP to at least 1.5% of GDP.
- ii) State of art facilities should be created for hands on training in areas of tropical issues – Bio-technology, I.P.R issues, Market Intelligence and Conservation Agriculture etc.,
- iii) A planning and policy making division may be created at ICAR Headquarters to tackle issues like I.P.R, G.M. crops issues.

Under Agriculture Marketing, I am of the opinion that the current market support system for Rice need to be remunerative and shall be rational and based on the objective. This may be done with establishing/ strengthening of MSP and Marketing Intervention

Fund Similar MSP shall be extended for cash crops like chillies, turmeric and castor, which are predominantly grown in AP;

Marketing Intervention Fund in the form of central assistance may be introduced to deal with non-MSP and perishable commodities like tomatoes as in the case of potato which can be stored unlike tomato.

I also recommend 100 per cent central assistance for setting up terminal markets (National Integrated Markets). Similarly Taxation and levies involving interstate movement of agri-produce should be rationalized.

Agricultural Including Livestock Insurance

On the very concept of Agricultural Insurance, I sincerely feel that it should aim at insuring farmer's

effort rather than insuring only the bank loan. Agricultural Insurance scheme with village as an insurance unit for one dominant crop has been tried with good success in 5 districts of Andhra Pradesh. We are going to expand its scope and to cover all the 23 districts in the state by 2007. With some modifications and simplifications, it may be extended to the whole country during 11th Plan.

As livestock sector booms on a sustained basis, it is bound to overtake crop sector by 2012. 60 lakh families depend upon livestock in Andhra Pradesh. Around 5 lakh families, owning sheep and goat have already been covered with 100% insurance of their livestock. Inspired by its resounding success, we plan to cover entire livestock of all the families with 100% insurance in A.P. They are mostly managed by women folks especially from poor families. It would

enhance their income security and help mitigate their poverty as well.

Farmers' Distress – P.M's Special Package

Credit flow to farmers has doubled during last 3 years. However, due to erratic monsoon and uncertain markets, the overhang of debt burden has gone up considerably. Private money lending with usually high rates of interest only compounds the problem. Therefore, farmer's distress sometimes resulting in tragic suicides continues to dot our national landscape.

GOAP had come out with a novel package more than 2 years ago. It addressed the then acute problem boldly. I feel vindicated as our patience and perseverance has surely decimated the suicidal levels

within a couple of years. Therefore, I congratulate the Prime Minister to have confronted the problem boldly and come out with the Special Package. It must continue in the foreseeable future – as the challenge though reduced, continues to persist.

For eco-restoration, wasteland development by raising Pongamia and Jatropha, avenues for the private participation are being explored. Under Rural Employment Guarantee Scheme (REGS), 20% of the funds are targeted to be earmarked for taking-up plantations. With the optimal utilization of funds under REGS, it is programmed to achieve 33% tree cover in the state from the current level of 22.8%. 8,412 Vana Samrakshna Samithis are programmed to be covered through World Bank & NABARD Funded Schemes besides the Forest Development Agency.

Agriculture Credit:

At present individual farmers are being charged at 7% p.a while the members of Rythu Mitra groups (R.MG) are being charged at 9% p.a. All farmers should be given credit at 3% p.a.

Farmers Training Centers (F.T.Cs):

Presently, F.T.Cs are being run by State Government. Government of India may provide additional funds to strengthen F.T.Cs as the proposition that the banks should ensure sponsorship of setting up of FTCs in each of the district head quarters may not be feasible.

Loans to Farmers for maintenance of Irrigation sources:

The proposal for sanction of loans to Farmers for maintenance of the irrigation systems and for promotion of efficient use of water resources may not be viable as the Farmers are likely to be overburdened with this type of loans from banks. Instead this may be supported from within the budgetary resources.

Increasing Bank Branch Net Work in Backward Areas;

In order to provide greater access to small and marginal farmers in backward areas, more branches may be opened in backward areas.

CONCLUSION

The policy interventions I have referred to are broadly indicative but not exhaustive. We are keen to listen to experiences and initiatives of others – especially our neighboring states.

We, in Andhra Pradesh have a dream – to transform our state into **Haritha Bhoomi**. May the dream come true for our country India as well in years to come.

JAI HIND
