



GOVERNMENT OF JAMMU AND KASHMIR

OPENING REMARKS

OF

**SHRI GHULAM NABI AZAD
CHIEF MINISTER, JAMMU AND KASHMIR**

AT

**THE FIFTY THIRD MEETING
OF
NATIONAL DEVELOPMENT COUNCIL**

MAY 29, 2007

**VIGYAN BHAWAN
NEW DELHI**

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**Hon'ble Prime Minister, Distinguished
Members of the National Development
Council, ladies and gentlemen,**

It is indeed a significant moment in the history of our country when the National Development Council meets especially to consider, discuss and deliberate upon issues relating to Food and Agriculture. The Report of the Sub-Committee of the National Development Council on Agriculture and Related issues is before us and I must, at the outset, convey my deep appreciation of the Sub-Committee's Report. It is an honest appraisal of the problems which beset the agriculture sector, with deep analytical insights which can help guide the strategies for the rapid and sustained growth of agriculture. The Sub-Committee and its Working Groups must be complimented and congratulated on the task accomplished so successfully.

2. The UPA Government at the Centre has given the highest priority to agriculture

sector and the Prime Minister has often spoken of offering a "New Deal for Rural India" and of the need for a "Second Green Revolution." Our vision of a "Khushal Jammu and Kashmir" is also founded upon a prosperous agriculture sector, which provides for the well being of our people and contributes to the rapid development of the State. Agriculture and allied activities like livestock, fisheries provide livelihood and sustenance to almost 65% of the State's population. The value of Horticulture produce, comprising fresh and dry fruits, is estimated to be in the region of Rs.2000 crore. There has been a significant increase in the production levels but low productivity remains a concern. Overall, the agriculture sector directly impacts the lives and well being of the largest section of the population. Rapid growth in agriculture could be the driver for overall economic growth of the State.

3. The challenge before us, in Jammu and Kashmir, is to bring about a major

transformation of agriculture so that it results in higher real incomes for farmers, helps generate employment on a large scale (both on farm and off-farm) and contributes to the prosperity of the State's economy. We have to move on a wide range of fronts to deal with the backlog of neglect of agriculture in the State. -- - a neglect which manifests itself in:

- continuing deficits of cereal food crops in the State;
- low return, subsistence farming by most farming households;
- low yields (as compared to national and international averages) in most crops, including fruits, where the State enjoys comparative advantage on account of natural endowments.

4. While the challenges are daunting, the opportunities are exciting. As the country's markets integrate rapidly, there are clear opportunities for growth of agriculture and horticulture. Urbanization, life style changes,

and the demographic profile have created a strong demand for quality goods – especially horticulture produce. The retail sector is witnessing large-scale investments by the organized sector, with special focus on fruits, vegetables and food products. These are windows of opportunities for a competitive, quality oriented agriculture and horticulture sector in Jammu and Kashmir.

5. There are threats too. As trade under the WTO regime liberalizes, the sector is vulnerable to imports of fruits, vegetables from countries with higher productivity and larger scale. These are realities which we have to address --- address them with confidence in our abilities to take on competition rather than seek protection.

6. Fortunately, it appears that the long, dark night of terrorism through which Jammu and Kashmir passed, is giving way to a fresh dawn. However, the passage of the past eighteen years has left deep scars on all aspects of our lives --- including the

agriculture sector. Although, farmers continued with agricultural operations, they did it in circumstances of uncertainty, in an environment not conducive to investment even at the farming household level. The infrastructure to support agriculture and horticulture suffered great damage – perhaps most of it irretrievable. The fact that, despite these adverse conditions, the agriculture sector continued to produce and to trade is evidence of the resilience of the farming community of Jammu and Kashmir – a triumph of human will. All of us, here today, need to acknowledge this and salute the farmers of Jammu and Kashmir. This resilience helps strengthen our resolve and commitment to promote and ensure rapid growth of agriculture in Jammu and Kashmir.

7. Hon'ble Prime Minister, you had constituted a Task Force on Development of Jammu and Kashmir, under the able leadership of Dr. C. Rangarajan. The Task Force Report is at hand and it has made very valuable suggestions. The Report identifies

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the Horticulture Sector, as one of main engines of growth for the economy of Jammu and Kashmir. It also notes the problems which constrain rapid growth of horticulture:

- the locational disadvantage in terms of access to markets, for highly perishable produce;
- the poor connectivity to markets in India --- particularly as the National Highway leading out of the valley is extremely vulnerable to rain/snow fall during the season when fruit is harvested and marketed;
- the virtual absence of post-harvest infrastructure which leads to inefficient marketing practices and affects the return to the farmers;
- the adverse terms of trade for producers in the absence of institutional structures for credit and inputs.

8. These constraints have to be addressed on priority, in order that the farmers feel

induced to invest for productivity increases. Unless the risks associated with marketing of produce are mitigated, it would be unrealistic to expect farmers to take up technology and investments for productivity improvements.

9. Let me now outline the strategy which the State Government has devised to promote rapid growth of the agriculture sector.

10. The main thrust of the strategy would be to create conditions for rapid increases in productivity and quality improvements covering a wide range of fruits, vegetables and flowers. Incentives for farmers would have to be administered with a view to encouraging them to diversify from the current pattern of cereal crops to short product cycle tradeables specific to the diverse agro-climatic zones within the State. We also recognize the need to scale up in order to take advantage of externalities and therefore the agencies concerned with agriculture, horticulture and floriculture,

would undertake the facilitation of clusters of value chains. The cluster approach would, in turn, be supported by a hub and spoke model of mandis where fresh produce could be aggregated, graded, stored, packed and transported.

11. I would like to highlight areas capable of 'quick wins':

- To incentivise fruit growers to undertake more efficient grading and packing, the State Government has crafted a project and would urge that the provision in the Prime Minister's Reconstruction Programme for the Horticulture sector be applied to the project. This would enable the horticulture sector of the State to move up the value chain and establish sustainable links with the organized retail sector, while providing consumers with a better deal.

- To enable diversification of markets in respect to regional metros, other than Delhi. The links to the Mandi at Delhi are well established and they tend to inhibit any effort to directly market produce to other markets. Air freight, with a growing number of flights, makes such diversification possible. However, at the present juncture, there is a case for the airlines to offer a freight rate for perishable products to regional markets which would enable the horticulture sector to undertake the risk. A lead by Indian Airlines in this regard would help 'crowd in' similar response from the others too. As a former Minister for Civil Aviation, I feel it would help all the airlines to improve their load factor.
- The Indian Railways are progressing very rapidly in extending their network in the State. The people of the State welcome the effort to help

them overcome the infrastructure deficit. But I would urge that Indian Railways can help win the hearts and minds of the people of Jammu and Kashmir more immediately by responding to the need of the sector for adequate freight capacity to various regions of the country. The current level of fruit production - (one and a half million tons) - provides sufficient freight opportunities for railways to undertake special effort to customize their response to the perishable nature of the commodities on offer, even with the existing infrastructure of the Railways, in the State.

12. Let me now turn to the areas of technology and its dissemination through extension. I will be blunt in admitting that both the research institutions and the extension machinery need to transform themselves from being gate keepers to

become facilitators of change. They have to recognize the multi-disciplinary nature of each innovation and be proactive in promoting collaboration. Attempts to develop islands of excellence which ignore profit and demand could be swept away by the tidal wave of growing expectations and globalizing trade. Our effort is to create conditions for successful applications of cutting edge technology in the agriculture sector and to promote a framework of collaboration, complementarity and convergence amongst institutions of research and extension. My Government has already initiated steps to "off load" functions like procurement of machinery, inputs, etc from the extension agencies in order that they focus on the core area of being friend, philosopher and guide to the farmers.

13. A critical gap faced by the agriculture sector in Jammu and Kashmir is in respect of infrastructure – both pre-harvest and post-harvest. Productivity levels of crops are also directly affected by the quality of seeds and

planting material used by the farmers. The current dependence on governmental farms and orchards has resulted in sub optimal yields and severely constrained the potential for growth in production. We are actively considering alternative modes of providing this service – either through private investment or through public-private partnerships. This again is an area where quick results are possible and replicable.

14. Post-harvest infrastructure also offers a wide scope for investments in the private mode or through the public private partnership route. Grading/packing lines, cold storage and refrigerated transportation as also processing facilities are essential for sustaining market driven agricultural growth, for generating employment and local value addition. As organized retail for fresh produce deepens its share in the market, it would require a well developed logistics platform. Supply chains to service organized retail of fruits, flowers and vegetables are investment opportunities – both for local

enterprise as well as for investors who can bring in technology, skills and market information. Our endeavour would be to promote such investments in a proactive manner.

15. A similar approach would be adopted to enable contract farming for specific value chains. In the intermediate term and till such time as the infrastructure for horticulture is in place, our strategy is to promote specialization by way of production of seeds, bulbs and plant material to service production base for exports. To take an example, the agro-climatic conditions in Kashmir are ideal for growing liliium bulbs. Liliium flowers are a significant export item from production hubs in Bangalore and Chennai which currently import liliium bulbs from Holland. This provides a ready opportunity for contract arrangements between producers of liliium bulbs in Kashmir and exporters of liliium flowers in the South. We are actively pursuing this line of action

and would seek to expand it to other product groups.

16. Another area where institutional gaps are evident is that of credit for production and marketing of agriculture products. Part of the explanation, of course, lies in the prolonged period of terrorism to which the State's development was hostage. Most of the banks simply closed shop. Fortunately, there are now clear signs that the banking sector has started to re-engage with the farmers and trade in agriculture. However, given the gaps in credit delivery and outreach, there is a felt need to encourage, cajole and facilitate banks to take up agriculture credit in a more pro-active manner, and address themselves to the opportunities for promoting investments in backward and forward linkages in the sector. The State Government is deliberating upon a response to the recommendations of the Vaidynathan Committee on Cooperative credit institutions. The need to recapitalize cooperative banks is urgent and I am sure

that a package will be in place soon. I would urge that in designing the package for cooperative banks in Jammu and Kashmir, due consideration is accorded to the adverse conditions through which the State has passed; perhaps concessions extended to the North East could also be adopted in working out a package for cooperative banks in Jammu and Kashmir.

17. May I, in conclusion, emphasize the importance which Jammu and Kashmir places on transforming the agriculture sector into a dynamic, competitive and confident player in the growth of the State's economy and to assure the well being of its people. A bright future beckons us and we have to seize the moment.

Thank you.