SPEECH

OF

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HON'BLE PRIME MINISTER, THE DEPUTY CHAIRMAN OF THE PLANNING COMMISSION, UNION MINISTERS, CHIEF MINISTERS, DISTINGUISHED MEMBERS OF THE NATIONAL DEVELOPMENT COUNCIL, DIGNITARIES AND FRIENDS.

I am very happy to participate in this meeting of the National Development Council (NDC) and to place our views on the follow up on the Report of the Sub-Committee of National Development Council on Agriculture and related issues. I would like to compliment the Sub Committee for preparing a very valuable and exhaustive document which would generate considerable debate. As a member of Sub-Committee, I had an opportunity to chair the Working Group on Irrigation and Minor Irrigation.

Last three years of 10th Five Year Plan had registered impressive growth rate. 11th Five Year Plan has envisaged even still higher growth rate. Though overall growth rate is impressive, the low growth rate in agriculture sector is a matter of concern. National Development Council recognised this concern and appointed a Sub-Committee under the chairmanship of Minister (Agriculture) to suggest measures to bring about much required revival in agriculture sector. Today's meeting

proposes to deliberate on the recommendations of the Sub-Committee and finalise strategies for ensuring a much higher performance in agriculture sector in coming years.

Indian agriculture has vast unharnessed potential due to the following reasons :—

(1) Highly diverse agro climatic condition conducive to cultivation of wide range of crops,

(2) Largest area under irrigation in the world with a lot of potential unharnessed,

(3) Large scientific and technically trained manpower,

(4) Big gap between yield levels achieved and technically proven potential,

(5) Significant scope for export of agriculture produce in the post GATT world trade environment.

I would like to take this opportunity to engage attention of National Development Council on certain basic issues for improving our performance in agriculture sector.

Prepare district level agriculture production plans based on agro-climatic zones :

The proposed revival in production and productivity should be based on meticulous ground level production planning done at district level based on natural resource potential, agro-climatic conditions and market situations. Identifying gaps in infrastructure to support such production plans must be an integral part of this exercise. A large number of districts in the country have more than one agro-climatic conditions and hence cropping pattern and production planning must take this variation into account. The Sub-Group on crop specific yield analysis and agro-climatic zones has rightly emphasised on this aspect.

"Soil was there, is there and will be there" attitude will not help :

Intensive cultivation with round the year irrigation and indiscriminate use of fertilizers has done serious damage to our soil over the years and that is one of the major reason for decline in yields. Soil as a factor in production has not received due attention in last thirty to forty years and so is now showing signs of fatigue. Micro nutrient deficiency is being reported almost everywhere. Low fertilizer use efficiency has seriously affected the yield. Therefore in the years to come, we need to pay greater attention to soil health management through more balanced use of nutrients based on soil analysis. **Maharashtra has launched a new initiative in this direction**. We have analysed soil samples from every village in the state. Based on soil analysis, soil fertility index maps are now being prepared. They would serve as a guide in application of fertilizer doses for different crops. Necessary steps for micro nutrient availability and application has to receive as much emphasis as major nutrients in future.

Irrigation—Critical input to our production enhancement effort :

Almost forty per cent of India's cultivable area has access to irrigation. This is about 21 per cent of the total area under irrigation in the world. For some of the large states like Maharashtra, irrigation has become the limiting constraint to enhancing agricultural production. Only 16 per cent of our cultivable area has access to irrigation. State government has taken massive efforts to increase area under irrigation. 20 to 25 per cent of our plan funds are committed to irrigation development and still it is falling short of requirement to complete the projects in time. Today all the on-going irrigation projects

in Maharashtra require an investment of Rs. 41,000 crore and the state is able to provide Rs. 4,000 crore per year.

I believe this should be true for many other states. Unless Government of India steps up support by way of additional investment, it would not be possible to complete the on-going projects in time. I would urge the attention of the National Development Council to this very important issue. All states with lower irrigation coverage should get substantial additional central assistance to complete on-going projects in reasonable period of time and thereby ensure higher growth in agriculture production. **In last few years Government of India has started supporting irrigation projects under AIBP. However, the size of intervention needs to be much larger.**

National projects in irrigation sector :

Almost in every state there are multi purpose irrigation projects with massive area under command. The cost involved in completing such projects is huge and it becomes extremely difficult for the state to provide enough allocation to such projects and to complete them in a time bound manner. **Considering that completion of such projects would provide irrigation to lakhs of hectares, it would be appropriate if Government of India declares such projects as National Projects and provides investment for early completion of such projects. The Sub-Committee on Irrigation has suggested certain criteria for selecting irrigation projects as National Projects. The same may be considered. *Gosi Khurd* is one such project from Maharashtra, which deserves consideration.**

Permission to design irrigation projects on 50 per cent dependability :

Usually the irrigation projects are designed on 75 per cent dependability. In areas that are consistently drought prone very few projects become feasible on 75 per cent dependability. This is true of drought prone areas in other states as well. Insisting on 75 per cent dependability would amount to denying large areas from benefit of irrigation. It is desirable to permit designing of projects on 50 per cent dependability for such areas. **The fear about upper riparian states arresting more water to the disadvantage of lower riparian states can be taken care of through appropriate inter-state regulatory mechanism.**

Water Users' Association :

To avoid wastage of irrigation water, to ensure judicious use and to promote appropriate cropping pattern, it is essential to increase peoples' participation. Maharashtra is one of the pioneering states in introducing the concept of Water Users' Associations. To encourage water users' associations to take up water distribution and repairs and maintenance of field channels, the state government has decided to provide certain incentives. Creating irrigation potential by itself would not be enough unless effective utilisation is ensured through direct involvement of the people. **Government of India must make such involvement mandatory with appropriate incentives.**

Salinity, Water logging - Issues of concern for future :

Salinity and water logging are going to be serious problems in future particularly in areas that have been under irrigation for many years. Already lands in many

pockets in different states have gone saline or have become water logged. Such lands in due course become totally unproductive. We cannot afford this. **A strategy to reduce ill impact of continued irrigation needs to be drawn envisaging appropriate measures for drainage management. Soils that have already gone saline have to be reclaimed.**

Legislation on ground water exploitation :

Ground water accounts for major chunk of area under irrigation. Most of the ground water development is done through private investment. Ever increasing number of dug-wells/bore wells and indiscriminate exploitation has depleted ground water table irreversibly in certain areas. It is essential to undertake massive programme of water harvesting and ground water recharge through integrated soil and water conservation measures. At the same time choosing appropriate cropping pattern and ensuring economic use of available water would be equally important to tackle this problem. **To ensure sustainable use of ground water a comprehensive legislation on ground water exploitation has also become necessary.**

Micro irrigation technology :

Flood irrigation through field channels leads to excessive water use causing soil salinity and wastage of water. We need to introduce the concept of "water productivity" to maximise yield per unit of water consumed. For this purpose we need to promote micro irrigation technology on large scale. **Maharashtra was pioneer in the country in recognising this need.** More than 4.5 lakh hectares of land have already been brought under drip and sprinkler irrigation. We still can bring another 2 million hectares under micro irrigation.

This would require huge investment. **Government of India needs to encourage this programme through its existing plan scheme in much larger way.**

Amalgamate all programmes of watershed development :

Notwithstanding the massive investment in irrigation in last four decades, 60% of country's cultivable area is still rainfed. Stability and improvement in rainfed production is not possible without integrated soil and water conservation measures on watershed basis. This programme is of great significance for states like Maharashtra where 85% of the cultivable area is rainfed. There are enough examples of successful experiments in watershed development in Maharashtra and other states. Government of India supports this programme through several plan schemes. However, there are too many programmes on soil and water conservation implemented by different ministries of Government of India. The core of these programmes is same but the periphery differs. **It would be worthwhile to get the entire programme of watershed development implemented through a single ministry.** The results would be far better. Government of India is establishing National Rainfed Area Authority. **All watershed development programmes can be merged into one and be implemented through this authority so that there is uniformity of approach, guidelines and implementation.**

Coarse cereal major states need greater attention :

The Western and Central Indian states are the major producers of coarse cereals. Maharashtra is the largest producer of Jowar, Rajasthan leads in bajra production.

Coarse cereals are produced mostly in rainfed conditions and in chronic drought prone areas. In Maharashtra decline in yield of Jowar has prompted farmers to divert to Soyabean, cotton and other crops. Unlike rice and wheat, jowar, bajra do not have long shelf life. So Food Corporation of India does not show interest in their procurement. Government of India put Jowar under OGL for export. But it did not help as we are not price competitive. Rabi Jowar productivity is extremely low. Unfortunately there is no research breakthrough in the last several decades in terms of new varieties with higher yield potential. **Government of India needs to initiate a technology mission on coarse cereals, if coarse cereals producing states have to contribute significantly to National Food Security.**

Strengthening of State Seed Corporations:

The beginning of sixties saw an attempt to multiply seeds of high yielding varieties and make them available to the farmers. An elaborate structure was put in place to maintain breeder, foundation and certified seed chain on a sustainable basis to ensure appropriate seed replacement. State seed corporations were established in public sector to meet this requirement. They have done a great job during last four decades. The seed production in private sector started in late sixties and is now fairly established. But they primarily deal with hybrid seeds. The seed requirement of improved varieties in cereals, pulses, oil seeds are largely met by public sector seed corporations. This situation is not likely to change in future either. In many states the state seed corporations have become an effective check on private sector in so far as prices of seed are concerned. **The State Seed Corporations will have to be given continued support for infrastructure upgradation and research activities.**

Agriculture Research — Much more is expected than what is happening:

The ICAR research system and the State Agriculture Universities contributed significantly to country's production enhancement effort by evolving new varieties/ hybrids and relevant production technologies during last four decades. However conventional breeding techniques may not help in meeting our requirement in future. Research breakthrough in biotechnology can only provide the answer. Transgenic cotton was introduced in America a decade back. Our research system has still not been able to provide the same. Research in biotechnology needs greater attention in terms of required infrastructure facilities, trained manpower and equipments.

National Agriculture Research Projects:

Government of India established the National Agriculture Research Projects in early 80s for location specific technology development based on agro-climatic zones. The institutions started working with a lot of promise. However of late the output from these organisations has not been very encouraging. **ICAR will have to take a fresh look and strengthen them to the extent required to facilitate generation of location specific technology.**

Technology transfer from lab to land:

For increasing agricultural production, continuous generation of new technology is a must. But it is equally important to transfer this technology to the field of farmers. The extension machinery of agriculture department has to play a vital role in this regard. Of late, the agriculture extension efforts appear to be falling short of requirement. Government of India must bring

in place an arrangement for continuous training of master trainers through National Research Institutions in different crops and provide regular literatures on further advance research, if any, to these master trainers. They in turn should undertake the responsibility of training the trainers in the field who in turn will train the extension workers and farmers. Information Technology driven training materials would be an excellent support for this purpose.

More emphasis on quality output :

The ICAR research system went for fast paced horizontal expansion establishing a chain of national research centres and crop specific research institutes. Somewhere in between funds available fell short of requirement to equip each of these centres adequately to provide trained manpower and to do high quality research. **Our research system at national level/ state level/regional level must be strengthened to ensure continued flow of technology to usher in a second green revolution in the country.**

Credit flow, has improved but still not enough :

Government of India took a major initiative to double the credit flow to agriculture in three years. I am happy to note that same has been achieved. Though in majority of states nationalised banks account for major part of credit disbursement in states like Maharashtra more than 60% of crop loan is disbursed by cooperative banks. The cooperative banks all over the country take care of the small and marginal farmers whose credit needs are small and must be provided. Commercial banks cater to needs of comparatively rich irrigated farmers. The financial health of majority of cooperative banks is extremely fragile. Government of India appointed

Vaidyanathan Committee to suggest ways and means of revamping the rural co-operative credit institutions. The recommendations of the committee have been accepted by the Government of India. Maharashtra has agreed to implement the recommendations and the actual implementation has started. **We need to ensure speedy implementation of the recommendations to make the three tier cooperataive credit structure play a major role in our production enhancement effort.**

Production credit at affordable interest rate :

During Budget Speech of 2006, the Finance Minister announced to make crop loan available to the farmers at 7% interest. The state government agreed to give additional 1% relief. Thus now in Maharashtra crop loans are made available at 6% interest rate. Though this decision has helped in enhancing credit disbursement, non-repayment of loan when due would again make farmer ineligible for credit next year. **To encourage repayment in time and thereby maintain the credit cycle uninterrupted, state government has taken a decision to give further interest relief of 4% to all farmers who have taken loans upto Rs. 25,000 and 2% to those who have taken loans beyond Rs. 25,000 upto a limit of Rs. 3,00,000.** Reaching credit to every farmer small, marginal or large is essential to ensure technology use for higher production. Government of India needs to encourage credit disbursement and prompt recovery by providing incentives on the lines of Government of Maharashtra.

Crop Insurance :

Today's comprehensive crop insurance scheme does not provide enough protection against vagaries of nature. Risk factor is one of the major reasons for inadequate

investment in agriculture. Government of India started a comprehensive crop insurance scheme in 1985 for loanee farmers. The scheme since then has been revised several times and still is not good enough to meet our requirement. The scheme is implemented with circle as a unit and with low indemnity level. The compensation received covers only part of the loss. The rainfed areas require full scale protection through crop insurance. The premium rates when worked out on actual basis are very high and unaffordable. Government of India has been considering further improvement in the scheme for quite some time. **To enhance production and ensure profitability in rainfed areas we must provide adequate risk coverage through an appropriate crop insurance scheme.**

Rural Roads—Village to market connectivity :

Rural connectivity in the form of all-weather roads is a must to link every village to the nearest market. ***Pant Pradhan Gram Sadak Yojana*** has been a good initiative in this direction. The drive may be further intensified. To reach the agriculture produce to distant markets it is essential to upgrade state and national highways. Railways will have to put in place refrigerated wagons for reaching perishables like fruits and vegetables to distant market centres in minimum possible time.

Cold Chain infrastructure :

High tech agriculture in green-house, though a recent phenomenon in India, has enormous potential for future. Maharashtra has made a good beginning in this area. The produce being highly perishable requires careful post harvest handling. Cold-chain infrastructure near production sites, during transport and at export dispatch centres like airports and seaports is a must for this

purpose. These infrastructure facilities are still not available to the required extent. Procedure for importing of planting material for horticulture is also required to be streamlined. To be a major player in world agriculture trade we must be able to meet the requirement of importing countries in terms of variety, quality and durability of farm produce. **Our agriculture research institution must reorient research priorities to meet this challenge.**

Horticulture – India's future hope :

Horticulture would be India's greatest strength in future years. Globally grape, banana, citrus and apple put together account for more than 60 per cent of world's fruit production. India produces all of them in abundance. But today 30 per cent of fruit produced goes waste, not even 2 per cent is processed. On the other hand processing industries have huge unutilised capacity. Low yield pushes up market price, making processing unviable. Post harvest handling, storage, transport facilities are grossly inadequate. Our share in world's export of fruits is negligible. Research output for many horticulture crops is virtually non existent. Technology prescriptions on green-house cultivation are not available. There are too many loose ends and all of them need to be taken care of, if the country has to harness its true potential in horticulture. National Horticulture Mission is a good beginning in this direction and would hopefully usher in a revolution in horticulture production in the country.

Reforms in agriculture marketing :

Notwithstanding whatever all we do to increase production market will determine farmers' decision to go in for a particular crop. Price signals will always influence his decision. To prevent exploitation by unscrupulous

traders we enacted Agriculture Produce Market Committee – APMC Act. Over the years our experience in this regard has not been encouraging. Government of India constituted a Committee to suggest suitable amendments to APMC Act. Many states including Maharashtra, have undertaken the amendments to APMC Act as was suggested by the Committee. Hopefully the amendments will facilitate introduction of private markets, will encourage contract farming and farmers would have choice in selling their produce. The resultant competition will make it obligatory for the APMCs to reform for the benefit of the farmers.

Market intelligence dissemination :

We still do not have established mechanism to collect market intelligence on demand/supply and price of agriculture produce at local, national and international levels and disseminate the same to the farmers. Advanced indication about likely demand/ availability situation at international and national level would be of great help to farmers in choosing his crop. The department of agriculture will be in a position to advise the farmers about appropriate production planning. **In Maharashtra, the Maharashtra State Agriculture Marketing Board has established a network among various market centers to collect and disseminate prevalent prices of important crops in different markets and reach it to the farmers through radio, television and newspapers. This arrangement is required to be made in much larger scale at the national level for benefit of all farmers throughout the country. Government of India may consider running a round the clock television channel to disseminate market related information and other relevant advices to the farmers.**

Reduce dependency on agriculture :

It is an accepted fact that today there are more people dependant on agriculture than it can reasonably take care of. The carrying capacity of land is being overstretched. All our interventions to increase agriculture production and income may help in improving income but would not be good enough to guarantee a good living, because of the large number of persons that would be dependant on such income.

Part of the population dependant on farm must shift to other subsidiary occupations allied to agriculture or to other sector in the same place or away from their native place. The educated youth from farming family needs to be trained in various subsidiary occupations or be imparted with skills that would assure them employment in industry or service sector. This needs to be done all over the country over a period of time. This will help in reducing dependency on agriculture.

Government of India may consider of a programme which identifies potential areas where rural youth from farm families can be trained so as to enable them undertake self employment ventures or get absorbed in industry and service sector. Without this, it would be difficult to address rural poverty particularly among small and marginal farm families completely.

Allied occupations would require a fresh push :

Recent experience indicates that agriculture by itself would not be enough particularly in rainfed area to provide viable income to the farmers. He has to in addition go for some allied occuption like animal husbandry, dairy, fisheries to provide him a source of additional income generation. The working group on

animal husbandry, dairying, fisheries has made some extremely useful recommendation in this regard. Though cross breeding programme for upgrading livestock has been there in place for last 3 to 4 decades, the impact of this programme is visible only in certain limited pockets in the country. Invariably these are the areas where private and cooperative initiatives in addition to public sector took massive efforts for large scale livestock upgradation through cross breeding. This model has to be replicated all over to improve the quality of our livestock.

Dairy development has been an existing allied occupation for farmers in irrigated track and provides reasonably good income. This has unfortunately not been so in rainfed area. **A programme targeted to induce dairy development in rainfed area needs to be designed.**

Rural backyard poultry and small fisheries in local ponds also have great potential. **They need to be encouraged through appropriate support by institutional finance, technology promotion and marketing arrangement.**

I once again thank the Hon'ble Prime Minister for convening the meeting of the National Development Council to enable us to place our views on the subject before this august gathering. I am sure that the consensus emerging from today's deliberations would enable us draw the future roadmap for revitalising the agriculture sector to attain the desirable 4% growth rate.

Jai Hind, Jai Maharashtra !