

Inaugural address of



Dr. Manmohan Singh
Prime Minister of India

53rd meeting of
National Development Council
29th May 2007



GOVERNMENT OF INDIA
New Delhi

Opening Remarks of the Prime Minister

53rd Meeting of the National Development Council (NDC)

[May 29, 2007]

Honourable Chief Ministers and Cabinet Colleagues,

Ministers of the Union and State Governments,

Distinguished Delegates,

Ladies and Gentlemen,

I am extremely happy to welcome you all to this 53rd meeting of the National Development Council,

We last met in December 2006 to discuss the Approach Paper to the 11th Plan. While endorsing the overall approach to the Plan and expressing cautious optimism about achieving a growth target reaching 10% in the last years of the 11th Plan, there was a sense of urgency about the need to redress the weaknesses in the agriculture sector. At less than 2% per annum, the growth of the agriculture sector since the mid-1990s has been a cause for concern. In view of the seriousness of the situation, I had then proposed to call a meeting of the NDC to deal exclusively with issues related to food and agriculture. We are here today to reflect on this important matter and identify steps that we can take to improve the lot of our farmers and the sector as a whole.

Earlier, in the 51st meeting of the NDC held in June 2005, we had agreed to constitute an NDC Sub-Committee on “Agriculture and Related Issues” under the Chairmanship of Shri Sharad Pawar, the Union Agriculture Minister. The purpose of the sub-committee was to examine in-depth the problems facing Indian agriculture and to suggest implementable action plans.

The NDC Committee has worked diligently on this subject, setting up several sub-Committees chaired by different Chief Ministers. The report of the NDC Committee, which has been circulated, draws on a number of other reports of expert groups and presents a broad agenda of the policy changes needed in agriculture. I would like to congratulate Shri Sharad Pawarji for his leadership in getting the NDC Committee to complete its work in a relatively short time.

In order to build on the Committee’s recommendations and develop an agricultural strategy for the 11th Plan, I had directed the Planning Commission to work with the Ministry of Agriculture and come up with specific proposals to promote State specific agricultural strategies. The Planning Commission has been interacting with the Ministry of Agriculture to come up with the main components of this strategy. Later on, I would like the Agriculture Minister and the Deputy Chairman, Planning Commission to highlight the key features of the strategy that is suggested for revitalizing the agriculture sector.

Ladies and Gentlemen,

Before we go on to hear the detailed presentation by the Deputy Chairman and the interventions of my colleagues, the Agriculture Minister and the Finance Minister, I would like to share some of my thoughts with you.

The importance of agriculture to our economy cannot be underestimated. Reversing the prolonged slowdown in this sector is essential for our goal of inclusive growth, for ensuring that growth benefits all sections of society and all regions of the country. The rates of growth of agriculture in the last decade have been poor and are a major cause of rural distress. Farming is increasingly becoming an unviable activity, particularly because of the nature of landholdings. Small and marginal farming has become an unviable proposition and till we make farming viable at this scale, it would be virtually impossible to reduce rural poverty and distress.

The solutions to the problems affecting agriculture have been analysed many times. In the recent past, we have had the benefit of the reports of the National Commission on Farmers, of the 11th Plan Working Groups and Steering Committee and now, the report of the NDC Sub-Committee. The issues are reasonably well known and I am sure that the XI Plan would come up with effective strategies to tackle the same.

On the input side, there are issues such as improving the management of water resources; raising the quality of inputs such as seeds, fertilizers and pesticides and improving the access to credit both in terms of quantity and in terms of its reach. On the post-harvest side, there are issues such as improving marketing and post harvest management. One feature that stands out is the lack of any breakthroughs in agricultural production technology in recent years. There is a **technology fatigue** which we need to address.

There are institutional issues such as improving the quality of agricultural research and making it more relevant to the actual needs of different regions; reforming the cooperative system by implementing the Vaidyanathan Committee recommendations; designing credible and effective agricultural insurance schemes; and, improving extension services and making them truly responsive to local needs. Further, we have the specific issue of tackling the stagnation in rainfed agriculture. We also have the larger issue of increasing the total investment in agricultural sector - both public and private. This needs to be seen in the context of a larger trend whereby subsidies have been increasing and investment has been declining. We have already taken a number of initiatives to deal with the problem. We have launched the National Horticulture Mission, established the National Rainfed Area Authority and the National Fisheries Development Board. The Plan allocation in agriculture has been increased substantially. Steps have been taken to deal with the immediate problem of suicide prone districts.

Ladies and Gentlemen,

While these efforts will continue, we need to focus on specific strategies to improve the short term and medium term performance of this crucial sector which still continues to support almost 2/3rd of our rural population. One of the key features of our agricultural scenario is the presence of substantial yield gaps in all States. There are gaps in the yields between states and regions. There are gaps between actual yields and the yields that are technologically feasible. These yield increase potentials vary from 40% to 100%. Increased production in the next three or four years can only come from bridging this yield gap or

expanding area as the scope for area expansion is extremely limited. Hence, the need to focus on yield gap reduction. By focussing efforts on bridging this yield gap, I am certain that we can achieve substantial results in a short time frame.

However, there is no easy solution to this. The gaps in yields may arise from a variety of factors. They could be due to differences in soil and climatic characteristics; they could be due to differences in irrigation and water availability; they could be due to differences in farming practices; they could be due to differences in technologies. Bridging these gaps requires localised, state - specific strategies based on local agro-climatic conditions and constraints. I believe that working together with the States, it is possible to evolve such plans. And the Central Government would be willing to support such plans on a reasonably large scale - on a scale large enough to make a visible impact.

What we have been missing in agriculture so far is a common thread that ties all our interventions into a common whole and focuses on tangible outcomes. We need to move away from mechanical implementation of fragmented schemes towards an integrated approach which is based on a mix of interventions consistent with local requirements.

If we all agree on this today, we can direct the Planning Commission to prepare the outline of a major program for providing central support to states which prepare such localised plans. I believe a program of this nature can provide the critical breakthrough we have so far been looking for and enable states to integrate all the various disciplines in farming - including irrigation - into a common umbrella with a focus on specific outcomes targeted at bridging the yield gaps.

There is a sense of urgency to this from the food security angle as well. The recent rise in prices of certain food products has been the result of slow supply response to rising demand. This has been particularly true of wheat, pulses and edible oil. We have had to import many of these products to ensure adequate availability of essential food items. Therefore, we need to work towards a rapid rise in the production of wheat, rice, pulses and edible oil so that prices can be kept under check and there is adequate supply of these to the common man. We can also consider launching a **Food Security Mission** for raising production of these items in three years.

Ladies and Gentlemen,

There are many other issues which the NDC Sub-Committee has touched upon. It has made interesting suggestions on expanding irrigation, in improving agricultural research, restructuring the RIDF, restructuring the fertilizer subsidy system, improving seed supply and revamping the extension system. As agriculture is a state subject, most of the planning and implementation of strategies is best done at the state level. We need state specific strategies which take into account your individual resource endowments and capabilities and build on these for a strong and vibrant agricultural sector. We need district agricultural plans which can integrate resources available under all existing schemes including the BRGF and NREGA to give a thrust to agriculture. I would only like to emphasise that whatever strategies we choose to adopt must deliver some results in the short and medium term so that tangible benefits are visible – to farmers, consumers and the rural economy as a whole. This is important if we have to avert any crisis in the agrarian sector and fulfill the needs of a growing economy.

I look forward to your views on the matter. Thank you.