

## **OPENING REMARKS BY SHRI SHARAD PAWAR, UNION MINISTER OF AGRICULTURE AND CONSUMERS AFFAIRS, FOOD AND PUBLIC DISTRIBUTION**

I am extremely happy to participate in the Economic Editor's Conference. In 2007-08, the foodgrains production increased to an all-time record level of 230.67 million tonnes (4<sup>th</sup> advance estimates) comprising 120.96 million tonnes of kharif foodgrains and 109.71 million tonnes of rabi foodgrains. During 2008-09, as per the advance estimates and further assessment, the production of kharif foodgrains is expected to be little less than last kharif. However, the area being sown in the current rabi season indicates that the loss in kharif shall be more than compensated.

2. The average annual growth rate during the 10<sup>th</sup> Plan in agriculture and allied sectors is estimated at 2.5 percent (at 1999-2000 prices). However, the average growth rate realized during the last two years i.e. 2006-07 and 2007-08 has been more than 4 per cent. Thus, the agriculture sector have shown positive signs of revival.

3. Investment plays a key role for achieving higher growth rate. It is worth mentioning that public sector investment, which is mainly on account of irrigation works, has also shown improvement from 1.8 per cent of GDP from agriculture sector in 2000-01 to 3.5 per cent of GDP from agriculture sector in 2006-07. The private sector investment has also increased from 8.9 per cent of GDP of agriculture sector in 2003-04 to 9.9 per cent of GDP from agriculture sector in 2006-07.

4. Various centrally sponsored schemes like National Food Security Mission, the Rashtriya Krishi Vikas Yojana and National Horticulture Mission (NHM) have been launched with a Mission mode approach. The State Governments have been supported and incentivised to invest more in the agriculture sector.

5. The National Food Security Mission (NFSM) was launched in the country in 2007-08 to enhance the production of rice, wheat and pulses by 10 million tonnes, 8 million tonnes and 2 million tonnes respectively by the end of the 11<sup>th</sup> Plan. In 2007-08, an amount of Rs. 395.37 crore has been released under the Scheme. Allocation for the scheme in 2008-09 is Rs. 1100 crore. The results so far are very encouraging. The focused and target oriented implementation of mission initiatives in the first year itself has resulted in bumper production of wheat, rice and pulses. The production of wheat has increased from 75.81 million tonnes in 2006-07 to 78.40 million tonnes during 2007-08. The total production of rice has increased from 93.35 million tonnes to 96.43 million tonnes where as the total production of pulses has also increased from 14.20 million tonnes to 15.11 million tonnes during the same period. The Mission has helped to widen the food basket of the country with significant contributions coming from the NFSM districts.

6. The Rashtriya Krishi Vikas Yojana has been envisaged as a comprehensive intervention based on local agro-climatic conditions to enhance investment by the States, to achieve 4% annual agricultural growth rate during the 11<sup>th</sup> Five Year Plan. The outlay for the Scheme is Rs.25,000

crore over the Plan Period. Under RKVY, States have undertaken projects in the field of Micro/Minor irrigation, watershed development, horticulture, marketing infrastructure, Animal Husbandry, etc. An amount of Rs.1246.88 crore has been released under RKVY during 2007-08. Allocation under the scheme in 2008-09 is Rs. 3165.67 crore.

7. Macro Management of Agriculture is one of the major Schemes and it became operational in 2000-01 in all States and UTs. The Scheme provides sufficient flexibility to the States to develop and pursue the programmes on the basis of their regional priorities mainly connected with development of rice, wheat, sugarcane and coarse cereals. An appropriate mix of measures is taken up through this scheme which aims at enhancement of soil health, supply of quality seeds and other inputs and promotion of agricultural mechanization. The Scheme also lays special emphasis on Natural Resource Management through watershed development approach. An outlay of Rs. 950 crores has been approved for 2008-09 under this Scheme.

8. Development & Strengthening of Infrastructure Facilities for production and Distribution of Quality Seeds was taken up in 2005-06 to ensure production and multiplication of high yielding certified/quality seeds of all crops. This is making sufficient quantities of seeds available to farmers in time at affordable price, including those in remote areas.

9. In order to ensure optimum utilization of water resources, a scheme Micro Irrigation has been started from March, 2008. For encouraging Organic Farming, a more systematic approach has been adopted. This includes capacity building through service providers, financial support to the production units of bio fertilizers, compost and vermin compost etc; human resources development in the areas of certification, inspection, production technology, field demonstrations, development of model organic farms and formulation of regulatory mechanism for organic farming.

10. Reforms in agricultural marketing is another important area to which the Government is attaching a lot of significance. Post-harvest and marketing infrastructure, including grading, packaging, transportation and storage, needs to be created on a large scale. To attract private investment in agriculture, a scheme of Development/Strengthening of Agricultural Marketing Infrastructure Grading and Standardization has been launched.

11. In the area of Agricultural Extension a new institutional arrangements namely Agricultural Technology Management Agency (ATMA) for technology dissemination was started in March, 2005. ATMAs have been set up in 565 districts by the end of 2007-08. Appropriate financial support is being made available to the States by us to strengthen extension activities.

12. You are aware that a scheme of debt waiver for small and marginal farmers and debt relief for other farmers was announced by the Government in the Union Budget for 2008-09. This has a financial implication of about Rs.71,000 crore. It is expected that most of the indebted farmers would get the benefit of the scheme, making them eligible for fresh loans.

13. The Government of India aims to provide remunerative prices to farmers by fixing Minimum Support Prices at reasonable levels. I would like to inform that this Government has substantially increased the MSP of various crops. For instance, during 2004-05 to 2008-09, the increase in MSP was Rs.340 per quintal for paddy as against the increase of only Rs.60 per quintal during 1999-2000 to 2003-04. Similarly for wheat the increase was of Rs.360 per quintal during this period than Rs.50 per quintal during 1999-2000 to 2003-04. Higher increases were granted for coarse cereals, pulses, groundnut and soyabean.

14. A National Policy for Farmers was announced in November, 2007 which focuses on the economic well being of the farmers. A plan of action to operationalise the policy has been finalized and sent to the States and other stake holders.

15. It is hoped that the agriculture sector will witness a revival consequent to the number of initiatives having been taken.

16. Animal Husbandry, Dairying and Fisheries sectors also play an important role in the national economy and in the socio-economic development of the country. These sectors also play a significant role in supplementing family incomes and generating gainful employment in the rural sector, particularly, among the landless labourers, small and marginal farmers and women. Livestock is the best possible insurance against the vagaries of nature like drought, famine and other natural calamities. It contributes about 32% of the agricultural GDP.

17. It needs to be recognized that Animal Husbandry sector provides large self-employment opportunities. According to the National Sample Survey Organization's latest survey, out of 22.45 million people engaged in animal husbandry sector, 16.84 million are females. Animal Husbandry and Fisheries sectors, together engage 23.68 million population which is around 5.80% of the total work force.

18. The approach to the 11<sup>th</sup> Plan envisages achieving an overall growth between 6 to 7 % per annum for the sector as a whole, with milk group achieving a growth of 5% per annum and meat and poultry achieving a growth of 10% per annum.

19. Agricultural Research & Education has also played a crucial role in the growth of the sector. Ninety Six varieties / hybrids of important crops such as rice, wheat, barley, triticale, maize, pearl millet, pulses, oilseeds, cotton, sugarcane, jute and tobacco and 21 improved varieties of fruits/vegetables/tuber crops were released / identified for different agro-climatic regions to raise agricultural production and productivity. During the period from 2005-06 to 2007 the increase in availability of quality seed was three times in field crops, seven times in horticulture including vegetables, more than two times in planting material and saplings and more than three times in fisheries.

20. Further, protected cultivation technology has demonstrated that a small holding of one hectare could earn Rs. 1 lakh or more. Greater emphasis is being laid on resource conserving technologies; like Zero tillage, SRI (System of Rice Intensification) technology in paddy cultivation,

micro-irrigation and fertigation in horticulture, raised bed cultivation techniques, plastics lined ponds for rain water harvesting, multiple use of water etc.

21. The World Bank Funded, National Agricultural Innovation Project (NAIP) with at an outlay of Rs. 1090 crore is being implemented from July 2006, with a research focus on production to consumption system; sustainable rural livelihood security; and basic and strategic research in frontier areas.

22. For the public distribution system, the targeted safety nets have been strengthened to ensure household food security. The offtake percentage of foodgrains against allocation from the central pool by the targeted public distribution beneficiaries have shown an increase from 54.53% to 84.77% in 2007-08, up from 316.39 lakh tons to 335.26 lakh tons.

23. Other initiatives in strengthening the TPDS system are launching of smart card project on pilot basis in Haryana and Chandigarh for TPDS programme, besides concurrent evaluation. A new scheme under PDS has been launched to provide relief to the poorer sections from the rising prices of edible oils through a planned distribution of 10 lakh tons of imported edible oils in 2008-09 at a subsidy of Rs. 15 per kg through State Governments at the rate of 1 kg per ration card per month. 29 State Governments who expressed willingness to participate in the Scheme have been allocated imported edible oil by the Department from April 2008 onwards.

24. The Sugar industry was in difficulties due to excess production in the previous sugar season-2007-08. We have announced several measures for providing assistance to the industry primarily with a view to providing assistance to the sugarcane farmers. These include improved liquidity, interest subvention, buffer subsidy payments, export assistance, blending of ethanol with petrol, etc.

25. The Warehousing (Development and Regulation) Act enacted in 2007 provides for the regulation of warehousing business by registering warehouse for issuing negotiable warehouse receipts, registration of accreditation agencies which would issue accreditation certificate to the warehouse, the liabilities, duties and lien of warehouse man etc. The pledging/ collateralization of agriculture produce with a legal backing in the form of Negotiable Warehouse Receipts (NWR) will lead to increase in flow of credit to the rural areas and will spur other related activities, like standardization, grading, packaging and insurance services in the agricultural sector. Negotiable Warehouse Receipts (NWRs), would also help farmers avoid distress sale of their produce by ensuring finance against their produce stored in registered warehouses and would also have significance for commodity trading, banking and insurance sectors by providing safeguards against risks inherent in lending against commodities.

26. Government undertakes periodic review of the price situation of Essential Commodities in the country. During the current year, prices of most Essential Commodities have generally remained within reasonable levels barring some variations in prices of pulses and rice. The rise in domestic prices is due to the combined effect of factors like growing demand due to increase in population and income, hardening of international prices, change in the consumption pattern, diversion of food

grains for fuel and adverse weather and climate changes etc. Of late, the rate of inflation has been coming down sharply and it is now back to single digits. Government has procured a record 51 million tonnes (28.4 million tonnes rice + 22.6 million wheat) of foodgrains this year. This would help to intervene in the market to keep the prices at reasonable level. The Government has also decided to create a Strategic Reserve of 5 million tonnes of food grains out of the domestic procurement, in addition to the buffer stock, held by FCI every year. Some of the other measures taken to keep prices of essential commodities in check are reducing import duties to zero for rice, wheat, pulses, edible oils (crude) and maize, butter and ghee; and reducing import duties to 7.5 per cent on refined and hydrogenated oils and vegetable oils. Other steps include banning export of non-basmati rice, wheat, edible oils and pulses; imposition of stock limits orders for rice, wheat, pulses, edible oils and oilseeds. Government has also launched a scheme on 28.07.2008 to distribute one million tonnes of edible oils to States / UTs at a subsidy @Rs. 15 per kg.

27. Our effort is to incentivize the farmers to produce more so that our people have easy access to safe & nutritious food and to ensure the nation's food security.