

## Union budget 2010-11: a road map for agricultural progress

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*State governments have to introduce a “deliver as one” approach with reference to the implementation of different projects*



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The section on Agriculture and Food Management of the 2009-10 Economic survey concludes with the following statement:

“We need to address the challenges of the agriculture sector through comprehensive and coordinated efforts. Renewed attention needs to be paid to improving farm production and productivity, better utilisation of agricultural inputs, proper marketing infrastructure and support, stepping up of investment with the emphasis on environmental concerns and efficient food management.” The anxiety on the food front arises from the steep fall in agricultural GDP (-0.2 per cent) during 2009-10, reduced water availability in 81 major reservoirs, fall in agriculture’s contribution to GDP (15.7 per cent), inadequate growth in on-farm employment resulting in 52 per cent of the workforce still dependant on agriculture for their daily bread and the prevailing food inflation.

The production of pulses and oilseeds, which are the important crops of rainfed areas is stagnating. Allocation for agriculture in state budgets has been only 5.84 per cent during 2008-09, in spite of the fact that this sector is the backbone of the rural livelihood security system. Growth in irrigated area is slow and groundwater is being over-exploited. Large numbers of farmers (over 40 per cent) want to quit farming, if there is another option. The redeeming feature of the agricultural scenario is the availability of nearly 47.5 metric tonnes of rice and wheat with government in January, 2010.

### Road map for agricultural renaissance

It is in the above context that the approach adopted and allocations made in the Union budget for 2010-11 assume importance. Pranab Mukherjee, for the first time in recent years, has laid out a road map for agricultural recovery and progress based on integrated attention to the *conservation* of the ecological foundations essential for sustainable agriculture, *cultivation* based on the

principles of conservation and climate-resilient farming, *consumption* with attention to food safety and quality, and farmer-centric *commerce*. For the first time also, he has addressed the issue of increasing feminisation of agriculture by proposing a *Mahila Kisan Sashaktikaran Pariyojana* with an initial outlay of Rs. 100 crore. The four-pronged strategy outlined by him relates to agricultural production, reduction in wastage, credit support and a thrust in post-harvest technology and food processing. For defending the gains in the heartland of green revolution namely Punjab, Haryana and Western U.P., Rs. 200 crore has been provided. For extending the gains to Eastern India namely, Bihar, Chhattisgarh, Jharkhand, Eastern U.P., West Bengal and Orissa, Rs. 400 crore has been provided. In order to increase the production of pulses and oilseeds, Pranab Mukherjee has provided Rs. 300 crore for organising 60,000 *Pulses and Oilseed Villages* in rainfed areas during this year. If this programme is implemented properly by the ICAR, agricultural universities in State governments, we can see the beginning of a pulses and oilseeds revolution of the kind originally envisaged by Rajiv Gandhi in the Eighties.

A substantial step up of the credit availability in rural areas has been proposed, the target being Rs.3,75,000 crore. Also the effective rate of interest for farmers who repay their short-term crop loans as per the schedule will be 5 per cent per annum. I am glad slowly we are progressing towards the target of 4 per cent interest rate proposed by the National Commission on Farmers. The food processing sector has been given support for developing efficient infrastructure.

The Finance Minister has also mentioned that a draft food security bill be placed in the public domain soon. There are also proposals for establishing a strong supply chain for perishable farm produce. Also there will be a concerted attempt to convert primary produce into value added products. Incentives have also been provided for relevant farm mechanisation and for establishing cold storages and other facilities for the preservation of perishable commodities. These steps should help to improve the productivity and profitability of horticulture, animal husbandry and aquaculture.

While a road map has been indicated in the budget, the achievement of the goals of above steps will be possible within the very small amounts provided in the budget only if State governments can introduce a "*deliver as one*" approach with reference to the implementation of different projects. For example, substantial outlays are available under several ongoing programmes like the Rashtriya Krishi Vikas Yojana, National Horticulture Mission, National Food Security Mission, Mahatma Gandhi National Rural Employment Guarantee Scheme and National Rural Livelihood Mission. If such an approach involving appropriate changes both in attitude and action is not adopted, the small amount of money allotted for the above mentioned purposes will not yield the anticipated results.

Another issue which needs careful consideration is the policy regarding the opening up of the retail trade. Mini-retail and small holder farming are the largest self employment enterprises in our country. Creating jobs is the greater challenge

facing us now. Therefore the opening up of retail trade to large companies, whether national or multinational, needs to be taken up only on the basis of an *employment impact analysis*. Another issue which needs to be considered in its totality is the impact of the rise in the price of diesel and petrol. This will have serious implications for all sectors of the economy and particularly for the farm sector. During 2009, which was a severe drought year, Punjab-Haryana farmers increased rice production to a level higher than the previous year by resorting to ground water irrigation. This involved a large investment by farmers in the purchase of diesel for pumping water. It is because of this effort that we have now a comfortable reserve in rice. Unfortunately, irrigation which is the most important input for agriculture does not find special mention in the budget speech, although provision would have been made under Bharat Nirman.

Finally, it is high time that the sentiments expressed by the Finance Minister in relation to post-harvest technology and particularly grain storage are converted into action without delay. In April-May 2010, the Food Corporation of India and other agencies may have to buy over 20 million tonnes of wheat in Northwest India. Even the existing stocks of wheat and rice are not stored properly. It will be sad if during a period of hardship as a result of food inflation, we should allow wastage of precious grains.

The Finance Minister's recipe for agricultural renewal thus involves convergence and synergy among numerous ongoing programmes. It will be useful if the Prime Minister and the National Development Council initiate as soon as possible the steps needed for such a reform in governance.

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