

Modernisation of Agriculture: The Priorities at a Glance

Towards Self-regulation

- ◆ To operationalise ACRP, the constitution of the District Planning Committees (DPCs) should be commence the work allotted to them. Meanwhile, internalisation of ACRP into state plans may be completed in all the remaining states.
- ◆ Change over from the MSP operations to market intervention operations undertaken by an autonomous organisation having the necessary market expertise and freedom to operate on commercial principles without political/administrative interference.
- ◆ Promotion of exports would need improvements in infrastructure, modernisation of facilities, rationalisation of rules and procedures and a stable export policy rather than the stop-go type familiar in cases like cotton. We expect that these promotional measures would get implemented in the course of adoption of ACRP approach to stimulate agricultural growth.
- ◆ As regards conflicts and clashes of interest with other governments given rise to by arrangements like WTO, the government would have to remain vigilant, make maximum use of opportunities to negotiate for mutually beneficial terms and conditions for trade and take appropriate action to counter or pre-empt hostile moves by other governments or large market operators like multinationals.

Overcoming Limits to Growth

- ◆ Preparing a detailed perspective plan to extend irrigation as quickly as possible to make full use of the ultimate potential.
- ◆ Ensuring that the market, institutional and policy environment, are conducive to conservation-oriented and judicious use of land and water resources. Economic sanity should be restored to administered pricing, user charges and government operations like procurement, storage and distribution of foodgrains. Micro-level decision-makers like producers and consumers should get signals consistent with the social objective of conservation and economic use of valuable but scarce resources like land and water.
- ◆ As we approach the limits of land and water resources, search for a technology appropriate to the emerging situation should be intensified. Experts suggest that biotechnology would be a promising field to explore. Attention must also be paid to technologies available in research stations but not reaching farms.
- ◆ Building up and maintain an updated data base on the ex-tent of land and water resources, their location, present status, potentialities, ownership, use regulation and control. PRIs should be given the primary responsibility for collecting, recording and verifying data. Remote sensing and other advanced technologies should be used to explore the potentialities of the resources and to collection of data at the ground level.

Promoting Human Development

- ◆ Workers in agriculture would have to be trained for the new skills and occupations. Attempt should be made to look ahead to identify the promising opportunities in different areas and to anticipate in advance the training and other assistance which could help the workers in agriculture to benefit from these emerging employment opportunities. Rise in rural incomes and the formation of a relatively better off middle strata in the rural communities would generate wide ranging demands for goods and services. The consequential rise in employment opportunities needs to be kept in mind while planning the training and other assistance to be given to the workers in agriculture.
- ◆ There is a trend towards the rural-urban continuum becoming more connected with quicker and smoother flow of people and goods. This trend needs to be supported so that village economies remaining relatively isolated from the mainstream get more firmly linked with it. Ideally, rural communities should have bustling commuting zone around them for employment, for marketing their products and for purchasing inputs. This would check the flow of migrants to urban slums and flight of talent from villages. It would also help in obtaining a more even and balanced spatial spread of economic and other social activities.

Critical Policies:

Capital Formation

- ◆ Capital formation in the public sector should be augmented. Money saved from the reduction in subsidy for agricultural inputs should be utilised for this purpose.
- ◆ In view of the resource constraints, capital formation requirements need to be prioritised. As ACRP gets operationalised, it would be possible to do prioritisation in a rational manner.
- ◆ Inter-state variations in capital formation need to be reduced.
- ◆ Delays in disbursement of funds under RIDF should be eliminated.

Agricultural Credit

- ◆ Increase the outreach of the formal financial institutions, especially to the small and marginal farmers.
- ◆ Continuation of credit targeting for ensuring adequacy of credit in the agricultural sector.
- ◆ Progressively link SHGs with formal credit institutions for reducing transaction cost and high recovery.

Agricultural Insurance

- ◆ Enhance the coverage of agricultural insurance scheme to the entire production process including post-harvest storage and processing.
- ◆ Integration of agricultural insurance with credit institutions.
- ◆ Encourage private participation in crop insurance

Globalisation

- ◆ Food self-sufficiency at the national level is desirable so that the reliance on trade can be kept within limits.
- ◆ Safetynets are needed to protect the interests of crops, people and regions which are likely to be affected by globalisation.
- ◆ Precautions on imports in view of the removal of quantitative restrictions.
- ◆ Agricultural export policies need to be synchronised with the import policies to avoid price fluctuations. There is a need for sequencing of measures. In view of the removal of quantitative restriction in the coming days, tariffication process needs to be done judiciously.

Watershed Development

- ◆ Watershed programmes should be more people oriented and panchayats should be actively encouraged with financial and administrative powers.
- ◆ Development and diffusion of appropriate location specific technologies and infrastructure, with people's participation in various rainfed areas.

Research Development

- ◆ Greater public investment in research and development.
- ◆ Encourage private sector participation in frontier areas like natural resource management and biotechnology.

Non-Farm Sector

- ◆ Development of a sound and enduring non-farm sector for creation of employment in the rural sector.
- ◆ Credit requirements of NFS need to be met by financial institutions. SHGs can be feasible intermediaries to finance non-farm activities.