

12.03 hrs.

STATEMENT BY THE PRIME MINISTER

RE: AGRICULTURAL PACKAGE

[English]

THE PRIME MINISTER (SHRI RAJIV GANDHI): Mr. Speaker, Sir, 37 years ago, speaking in this House, Pandit Jawaharlal Nehru said:

"We certainly attach importance to industry; but in the present context we attach far greater importance to agriculture and food and matters pertaining to agriculture. If our agricultural foundation is not strong then the industry we seek to build will not have a strong base either. Apart from that, the situation in the country today is such that, if our food front cracks up, everything else will crack up too. Therefore, we dare not weaken our food front. If our agriculture becomes strongly entrenched, as we hope it will, then it will be relatively easy for us to progress more rapidly on the industrial front, whereas if we concentrate only on industrial development and leave agriculture in a weak condition we shall ultimately be weakening industry. That is why, primary attention has been given to agriculture and food and that, I think, is essential in a country like India at the present moment."

37 years later, the time has come for us to reiterate that the highest national priority must be given to the farmer, to farming, to food and agriculture as the corner-stone of our economy. Much has happened in these 37 years. No longer are we threatened with famine. No longer is the begging bowl waiting to be taken out of the cupboard. The agricultural policies followed by successive governments over four decades of freedom have set the stage for the epochal transformation that has taken place in Indian agriculture. True, there was a severe setback during the three-year tragedy of Janata rule, but the agricultural economy was set back on

course after Indiraji and the Congress came back to the Treasury benches.

Now, our *kisans* and *khet mazdoors* have rendered us self-sufficient in food. They have given us this year the highest-ever output of foodgrains and most other agricultural products. They have given us the inner strength to withstand the rigours of drought and the ravages of floods. They have given us honour and self-respect. They have reinforced our independence. They have proved the first line of our defence. It is on the basis of self-reliance in agriculture that we have been able to build a self-reliant economy, a deeply democratic domestic polity, and an independent foreign policy. Had we at any time cracked up on the food front, as Panditji put it, the whole country and everything we stand for would have cracked up too. It is because of our buoyant agriculture that this has not happened. That is the depth of the debt of gratitude that the country owes the *kisan* and the *khet mazdoor*.

During the last nine years, GDP and per capita income have risen faster than ever before. This has led to an upsurge in demand for food and other wage goods, including several agricultural products. This is wholly welcome development. It means a significant improvement in nutritional levels and living standard. We must get up production to meet this explosion in demand. Therefore, we are determined to accord the highest priority to agriculture in the Eighth Five Year Plan. Agricultural growth must be accelerated. Agricultural income and employment must grow faster than they have in the past. Our *kisans* are concerned at the process of determining support prices for farm product. We shall ensure that two major modifications are introduced in the method of computing the cost of production while fixing support prices for agricultural produce. First, we shall determine the wage costs on the basis of the statutory minimum wage for agricultural labour notified by the State or the actual wages paid, whichever is higher. Second, we shall include in the cost of production the labour input of the *Kisan* at a higher wage reflecting the managerial and

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entrepreneurial role of the kisan. In order to enable kisans to rationally determine their cropping pattern, support prices are being notified by Government in advance of the sowing. However, this system leaves out of account the increases in costs taking place between the point of announcement and the point of harvesting. To remedy this, we are instructing the CACP to work out a suitable escalation formula. Meanwhile, for kharif 1989, support prices will be increased at the beginning of the marketing season to take into account increases in the prices of inputs and the general price rise since the commencement of the sowing season.

The procurement prices per quintal: of paddy will go up from Rs. 175 to Rs. 185; of coarse cereals like jowar, bajra, maize and ragi from Rs. 155 to Rs. 165; of kharif pulses like tur, moong and urad from Rs. 400 to Rs. 425; of groundnut-in-shell from Rs. 470 to Rs. 500; of black soyabean from Rs. 305 to Rs. 325 and of yellow soyabean from Rs. 350 to Rs. 370; of sunflower seeds from Rs. 500 to Rs. 530; of F-414 and H-777 cotton from Rs. 540 to Rs. 570, and of H-4 cotton from Rs. 650 to Rs. 690; and finally, of jute (M-5 Assam variety) from Rs. 280 to Rs. 295. These rates will also apply to those farmers who have already sold their produce in the current kharif marketing season.

The farming community has also been concerned at the terms of trade for the farm sector in relation to other sectors. The adverse movement of the terms of trade has been rectified to some extent in the Sixth and Seventh Plans. In the Eighth Five Year Plan, we shall ensure favourable terms of trade for the farming sector.

Many farmers are not able to obtain the advantage of minimum support prices because procurement centres are sometimes at a considerable distance from their farms and villages. We intend to increase the number of procurement centres so that, eventually, every kisan will have access to a procurement centre within 10 kms of his

village. The rural roads network will also be strengthened in a phased manner. Kisans, particularly those engaged in the farming of perishable farm commodities, are often denied a fair share of the value of their produce because of the very perishability of their output. The only answer lies in expanding rural godowns and cold or cooled-storage facilities. To this end, a special programme is being instituted for the extension of institutional credit on attractive terms for the establishment of cold or cooled-storage facilities in rural areas.

There is scope for substantially improving credit facilities for the farm community. We propose four specific steps in this regard: First, we must rectify the problem of credit not being available to members of cooperatives because of the cooperatives to which they belong having become ineligible for NABARD refinance. We have decided to open, with effect from the ensuing rabi season, a special line of credit of Rs. 100 crores through cooperative and commercial banks which will be earmarked exclusively for Scheduled Caste and Scheduled Tribe farmers. Second, scales of finance for short-term production credit will be revised annually so that the credit made available to the farmer fully meets the recommended doses of inputs at current prices to meet his cultivation requirements.

Third, a special credit regime is being instituted for kisans in rainfed farming areas covered by watershed development programmes. The new regime will operate on the basis of ensuring the availability of credit through a three to five year cycle so as to even out the inherent risks involved in good and bad monsoon years appearing in a cycle in such areas. The special credit regime will take into account problems of overdues which arise within a cyclical period to ensure an adequate flow of credit in support of viable crop production and other allied activities. This regime will be reinforced by a major programme of watershed development in rainfed farming areas.

The fourth step we propose is essen-

tially a procedural one but which kisans will immediately recognise as being of the utmost importance to their requirements. Pass-books and agriculture credit cards will be extended to kisans so as to enable the easy drawal of production loans from cooperative and commercial banks.

The National Agricultural Credit Relief Fund will devise a comprehensive relief policy based on the special characteristics of production and the severity of damage in different agro-climatic zones. Through the re-scheduling of loans and waivers of interest and principal in defined circumstances, the credit needs of farmers in different zones will be kept in view. While we have invested astronomical sums of money in land improvement and irrigation, our management of land and water resources has been so poor as to render the benefits secured far below the optimum achievable. We propose to take a number of steps improve the management of our land and water resources.

During the next five years, irrigation waters will be made available on an assured basis to an additional one crore hectares of land in the command areas of canal projects. The authorities concerned will be held responsible for reaching water to farmers in assured quantities and at the right time. Also, ten lakh tubewells and dugwells are to be constructed every year. And five lakh hectares will be covered annually for the programme of desalting and maintenance of village tanks, beels, bunds and ponds. Second, the productivity of unirrigated land is to be enhanced through effective watershed development and *in situ* moisture conservation. This programme will extend to 50 lakh hectares during the next five years.

Third, 25 lakh hectares of *usar* and *barani* land will be reclaimed at the rate of five lakh hectares a year. We need not wait for the commencement of the Eighth Plan to take up these projects. A beginning should be made this year itself.

Plasticulture holds vast potential for

increasing agricultural productivity. The uses of plastic are many, especially in irrigation, storage and packaging. Existing plasticulture schemes will be substantially expanded. It is proposed to extent incentives for the installation of sprinkler or drip irrigation systems to all farmers. During the Eighth Five Year Plan, one lakh additional sprinkler systems and one lakh drip irrigation systems will be installed to optimise the use of scarce water resources.

Good seeds are the basic foundation of higher agricultural productivity. The New Seed Policy is under implementation and the buffer stocks being built will ensure that kisans have access to high quality seeds and planting material at reasonable prices. We are particularly concerned about small, marginal and SC/ST farmers. With effect from Rabi 1989-90, minikits for the supply of improved seeds will be ensured, under the existing Centrally-sponsored schemes, to 20 lakh such farmers.

Agricultural research is simply not getting the attention or priority it needs. We are reconstituting the Indian Council for Agricultural Research and I shall take over as its President. We have two major objectives in mind. First, we propose to generate appropriate technologies for each sub-zone of the 15 agroclimatic zones so as to be able to modernise our agriculture in each of the zones. Second, a special time-bound programme in research and development of hybrids is being taken up to cover rice, maize, jowar, bajra, arhar, cotton and oilseeds. Results will be demanded within five years and the implementation of the research programme will be monitored at the highest level. To promote the manufacture of agricultural machinery and implements of improved design, particularly those using new and more efficient materials, a special Fund is being established to extend credit for the manufacture, fabrication and marketing of such machinery and implements, as also for the leasing or custom hiring of such machinery and implements, plant protection equipment and sprinklers.

For adding value to primary produce, as

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also expanding employment opportunities in rural areas, it is necessary to encourage agro-based industries, particularly food processing. A special extension and infrastructure package is being put in place for the development and processing of fruits and vegetables in suitable areas. Also, incentives are being given to industrial units to enter into contracts with small producers individually or through cooperatives. For the diversification of rural economic activity, Fish Farmers' Development Agencies are being established in all coastal districts to encourage pisciculture and aquaculture. Special attention will be given to poultry development and sheep farming including reduced costs of poultry-feed, market support for the stabilisation of egg prices, incentives to establish processing complexes in rural areas linked to small poultry farms, and support to the export of processed products

Agriculture has the potential of becoming a major export sector. Our Kisans will benefit from linking agricultural production to lucrative export markets. In order to realise this potential, we propose to extend incentives to expand the production base of exportable commodities as also the range of non-traditional agricultural exports

In this connection, and in view of the expected bumper crop of cotton, I am happy to announce that we have decided to permit the export of one lakh bales of Bengal Deshi cotton and two lakh bales of extra-long staple cotton. As regards the import policy for agricultural commodities, these will be so regulated as to ensure that our farmers are assured remunerative prices for their produce.

Major institutional reforms are required to support this package. We have two important programmes in hand in this regard. First, we are initiating a programme to update and computerise land records so that farmers can obtain documentation on demand. Second, we propose to reform, revamp and rejuvenate the cooperative movement which, in many parts the country and in many ways, has failed to play the central role envisaged

for the cooperative movement in our strategy of socio-economic transformation. This is a priority task for our next term in office. The interests of agriculture are the interests of the nation. There is no dichotomy between agricultural development and national development. The former is the foundation of the latter. We are confident that the agricultural package, I am now placing before the House, will herald a bright new era for our Kisans and Khet Mazdoors and for the whole farming community.

Thank you, Sir.

[Translation]

SHRI BALKAVI BAIRAGI (Mandsaur): Mr. Speaker, Sir, if you allow me I would like to recite 2-3 lines about this good policy on behalf of the farmers of this country. On their behalf, I would congratulate Shri Rajiv Gandhi particularly for accomplishing all these things when a great farmer is occupying the chair. I would like to read out some lines on behalf of the people of this country, on behalf of the farmers of this country. I myself being a farmer submit: "Jisne yeh Peeda Pehchani, Bharat ke koti kisanon ke, Mook wyatha samajhi jisne, kheton ki, Khalihanon ke, Hum Nehru ke us nati ko, kheton ka saath kahate hain, Yeh saath krore kisan use, apni asheeshen dete hain."

12. 24 hrs.

STATUTORY RESOLUTION RE CONTINUANCE IN FORCE OF THE PRESIDENTIAL PROCLAMATION IN RESPECT OF PUNJAB FOR A FURTHER PERIOD OF SIX MONTHS FROM 11TH NOVEMBER 1989

[English]

MR. SPEAKER: Shri P. Chidambaram.

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