Chapter-II

AGRICULTURE AND AGRICULTURAL POLICY IN INDIA
There are substantial empirical evidences on the positive relationship between agricultural growth and economic development. The transformation of agriculture from its traditional subsistence roots induced by technical change to a modernizing and eventually industrialized agriculture sector is a phenomenon observed across the developing world. During the last five to six decades Indian agriculture has witnessed numerous changes. Innovation coupled with investments in irrigation infrastructure, expansion of credit, marketing and processing facilities led to a significant increase in the use of modern inputs. These developments raised agricultural products for markets rather than for own consumption by the farm households. Thus export surplus has been created by increased agricultural production of various crops at both state and national level.

The discussion in this chapter is focused on the agricultural sector in India in relation to the production dimensions of major agricultural commodities and their export potentials and agricultural policy in India.

2.1 Agriculture and Economic Development

Agriculture plays a crucial role in the overall growth process of an economy. Development economists and agricultural economists have focused on this vital role of agriculture of contributing to
economic growth. Many early analysts (Rosentein Rodan, 1943; Lewis 1954; Scitosky, 1954; Hirschman, 1958; Jorgenson, 1961; Fei and Ranis, 1961) have highlighted the importance of agriculture with its abundance of resources and its ability to transfer surpluses to the more important industrial sector. The market mediated linkages of agriculture is focused by the conventional development viz.,

(i) Providing labour for an urbanized industrial work force.
(ii) Producing food for expanding population with higher income.
(iii) Supplying savings for investment in industry.
(iv) Enlarging markets for industrial output.
(v) Providing export earnings to pay imported capital goods and
(vi) Producing primary materials for agro processing industries.

(Johnston and Mellor, 1961; Ranis et al., 1990; Delgado et al., 1994; Timmer, 2002)

Development impact of agriculture is largely determined by rapid agricultural productivity growth. Productivity growth that resulted from agricultural research and development has had an enormous impact on food supplies and food prices and consequent beneficial impacts on food security and poverty reduction (Hayami and Herdt, 1977; Pinstrup Anderson et al., 1976; Binswanger, 1980; Hazell and Haggblade, 1993).

Evidence from industrialized countries as well as countries that are rapidly developing today indicates that agriculture was the engine that contributed to growth in the non agricultural sectors and to overall economic wellbeing. Economic growth originating in
agriculture can have a particularly strong impact in reducing poverty and hunger. Increasing employment and incomes in agriculture stimulate demand for non agricultural goods and services, providing a boost to non farm rural incomes as well (Prabhu Pinjali, 2006).

2.2 Agriculture in Indian Economy

Agricultural sector in India contributed more than half the output of the Indian economy at the inception of the First Five Year Plan in 1950-51. However over a period of six decades the share of agriculture has gradually declined to less than 15 percent. It accounted for 12.3 percent in the country’s Gross Domestic Product in 2009-10.

The performance of agriculture during the early decades during the Post Five Year Plan period indicates some significant trends. The share of agriculture and allied activities in GDP declined from 57.7 percent in 1950-51 to 25 percent in 1999-2000 and further to 20 percent in 2004-05 before reaching a low of 12.3 percent in 2009-10. The share of agricultural workers in total workers has declined slowly from 75.9 percent in 1961 to 59.9 percent in 1999-2000 and further to 56.7 percent in 1999-2000 and further to 56.7 percent in 2004-05. There has been a decline of 34 percentage points in the share of agriculture in GDP, while the decline in the share of agriculture in employment has been 19 percentage points only. As a result the labour productivity in agriculture has increased only marginally, while that of non agricultural workers has increased rapidly.
Agricultural growth measured as the annual rate of growth from 1.9 percent per annum before the Green Revolution Period (1950-51 to 1996-97) to 2.3 percent during the first phase of the Green Revolution (1966-67 to 1980-81). The growth rate accelerated further to 3.1 percent during the second phase of the Green Revolution (1980-81 to 2000-01). At the same time the share of agriculture in total GDP has fallen from about a little over half in early 1950s to around one fourth in the late 1990s. Similar changes have occurred in the country’s exports basket as well. The share of agricultural exports in total exports of the country fell from 44 percent in early 1960s to about 14 percent in late 1990s.

Indian agriculture has witnessed numerous changes during the last five and half decades. Major transformation took place with the introduction of high yielding varieties of crops in the mid 1960s. The innovation coupled with investments in irrigation infrastructure, expansion of credit, marketing and processing facilities led to a significant increase in the use of modern inputs. These developments raised agricultural productivity which led to a substantial increase in the supplies of various agricultural products for markets rather than for own consumption by the farm households. The green revolution is followed by the ‘white revolution’, ‘yellow revolution’ and then ‘blue revolution’ leading to increase in the output of milk, oilseeds and fish products respectively.
Majority of India’s population still continues to depend heavily on the agricultural sector for employment and as a source of income. Seventy two percent of the population, about 742 million people still lives in rural areas; their fortunes are also influenced by development in the agricultural sector to a considerable extent.

**Growth Structure of Agriculture in India – Production and Trade**

India is considered to be a global agricultural power house. It is the world’s largest producer of milk, pulses and spices. India has the world’s largest cattle herd (buffaloes). The country has the largest area under wheat, rice and cotton. It is the second largest producer of rice, wheat, cotton, sugarcane, farmed fish, sheep and goat meat, fruits, vegetables and tea.

**2.3 Agriculture GDP at Current Prices (‘000 Crores)**

The Gross Domestic Production of agriculture in India has indicated a continuous rise between 2004-05 and 2008-09. The agriculture GDP rose from Rs. 471000 crores in 2004-05 to Rs. 767000 crore in 2008-09. Agriculture accounted for 12.3 percent of country’s GDP in 2009-10. The following graph provides the details of the rising GDP of agriculture during the five years from 2004-05 to 2008-09.
Agriculture accounted for 12.3 percent of the country's GDP in 2009-10.

Agriculture is the primary means of livelihood of 58.4 percent of India's population.

Wheat and rice accounted for 78 percent of India's total food grains production in 2009-10.

India is the largest producer of wheat in the world with a share of 12 percent in 2009.

India is the second largest producer of rice in the world with a share of 21 percent in 2009.

Production Trends

Rice (Million Tonnes)

The data regarding the production trend of rice in India indicate an almost continuous increase in the production of rice during the
eight years from 2002-03 to 2009-10. The following graph indicates the trend of rice production in India.

![Fig. 2.2: Rice Production in India (Million Tonnes)](chart)

Source: Ministry of Agriculture GOI.

India has maintained high level of rice production during the last 8 years from 2002-03 to 2009-10 with marginal fluctuations during the period. Production of rice rose from 71.8 million tonnes in 2002-03 to 88.5 million tonnes in 2003-04. A small decline to 83.1 million tonnes was witnessed in 2004-05 followed by a steep rise in production to 91.8 million tonnes in 2005-06 and further to 93.4 million tonnes in 2006-07. The trend of increasing production of rice was maintained during the next two years. Production of rice rose to 96.7 million tonnes in 2007-08 and reached the maximum of 99.2 million tonnes in 2008-09. A sharp decline to 89.4 million tonnes was noticed in 2009-10. However India has maintained its rank as the second largest producer of rice in the world.
Production of Wheat in India

India has maintained a continuous increase in the production of wheat during the 8 year period from 2002-03 to 2009-10. The wheat production increased from 65.8 million tonnes in 2002-03 to 80.7 million tonnes in 2009-10. The continuous and sustained trend of increase in wheat production is indicated in the following graph.

![Wheat Production Graph](image)

Source: Ministry of Agriculture GOI.

Production of Pulses

Production of pulses in India has been on a rising trend with some fluctuations during the period from 2002-03 to 2009-10. Production rose steeply from 11.1 million tonnes in 2002-03 to 14.9 million tonnes in 2003-04. A sharp decline to 13.1 million tonnes in 2004-05 is observed. However a trend of continuous increase in the production of pulses from 2005-06 to 2007-08 is found followed by a
small decline to 14.6 million tonnes in 2008-09 and 2009-10. The following graph provides the details.

![Graph showing production of oilseeds from 2002-03 to 2009-10](image)

Source: Ministry of Agriculture GOI.

**Production of Oilseeds**

Production of oilseeds in India has witnessed as severe trend of fluctuations during the 8 years from 2002-03 to 2009-10. Production registered a very steep increase from 14.8 million tonnes in 2002-03 to 25.2 million tonnes in 2003-04. A decline in production to 24.4 million tonnes in 2004-05 was followed by a steep increase to 28.0 million tonnes in 2005-06. The trend of fluctuation is continued in the production of oilseeds. Production declined to 24.3 million tonnes in 2006-07 but reached the maximum level of 29.8 million tonnes in 2007-08. However the declining trend in production of oilseeds is observed in 2008-09 when it reached a lower level of 27.7 million
tonnes and further to a lower level of 24.9 million tonnes in 2009-10.
The following graph indicates the details.

**India’s Exports of Agricultural Commodities**

There has been a steep rise in agricultural exports from India in terms of export earnings during the decade from 2000-01 to 2009-10. The export earnings of agricultural commodities have risen from Rs. 28.7 thousand crores in 2000-01 to Rs. 89.5 thousand crores in 2009-10. The year wise trend of agricultural exports from India is indicated in the following graph.
Table 2.1

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<th>Year</th>
<th>Share (%)</th>
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<td>2000-01</td>
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<td>2009-10</td>
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Source: Ministry of Agriculture, GOI.

Agricultural exports have declined continuously from 2000-01 to 2006-07 as percentage of total exports from India. The share of agricultural exports declined from 14.2 percent of total exports in
2000-01 to 10.9 percent in 2006-07. A good rise in agricultural exports to 12.1 percent of total exports was witnessed in 2007-08. A subsequent period from 2008-09 and 1009-10 has again witnessed a decline in agricultural exports to 10.2 percent and 10.6 percent respectively.

2.4 Export Performance of Major Agricultural Commodities

Rice Exports from India

Exports of rice from India have fluctuated between 2004-05 and 2009-10. A decline in rice exports from Rs. 6769 crore in 2004-05 to Rs. 6221 crore in 2005-06 is followed by a rise in exports to Rs. 7036 crores in 2006-07. A further rise to a maximum of Rs. 11755 crore is observed in 2007-08 followed by decline in the next two years. The following graph indicates the details.

Source: Ministry of Agriculture GOI.

![Graph showing rice exports from 2004-05 to 2009-10](image-url)
Exports of Wheat from India

A high level of wheat exports touched the peak of Rs. 1460 crore in 2004-05 followed by a sudden slump to a low of Rs. 558 crore in 2005-06 and a further low of Rs. 35 crore in 2006-07. The government of India prohibited wheat exports and the further decline in exports is indicated in the following graph.

Exports of Pulses

Exports of pulses from India have indicated a trend of fluctuations during the period from 2004-05 to 2009-10. Exports rose to a maximum level of Rs. 1115 crores in 2005-06 from a lower level of Rs. 603 crores in 2004-05. A declining trend of exports of pulses is observed in the subsequent period. Exports declined to Rs. 773 crores in 2006-07 and further to Rs. 526 crores in 2007-08. A revival of export earnings to Rs. 540 crores in 2008-09 was followed by a decline to Rs. 407 crores in 2009-10. The following graph indicates the details.
The exports of oilseeds based products from India indicate a trend of continuous increase from 2004-05 to 2008-09. A decline in exports in 2009-10 is observed as indicated in the following graph.

Source: Ministry of Agriculture GOI.

**Exports of Oilseed Based Products (INR Crores)**

The exports of oilseeds based products from India indicate a trend of continuous increase from 2004-05 to 2008-09. A decline in exports in 2009-10 is observed as indicated in the following graph.

Source: Ministry of Agriculture GOI.
2.5 Agricultural Policy in India – An Overview

Indian economy has witnessed new economic policies which have introduced substantial changes in many sectors. These have imparted much needed buoyancy to the Indian economy. However in India success of reforms on the final count hinges on the performance of agriculture.

Agriculture is a state subject under seventh schedule of the constitution. The success in agricultural performance is crucially dependent on the policies and actions initiated by the states. The various aspects relating to land including land improvement and agricultural loans, irrigation, fisheries are all included in the state list. However the centre has the responsibility to launch from time to time major initiatives since agriculture in its broader definition produces several commodities which are essential items for existence or are raw materials for industry. Agriculture is a national subject and its orderly growth would call upon a broad consensus on measures to be taken. Certain major national objectives such as ensuring food security for every section of the population that would make collaborative effort between the centre and the state almost axiomatic.

The Centre-State combined policy approach towards agriculture is indispensable. Agriculture as practiced today depends heavily upon products and services made available by manufacturing industry which are included in the Union List. Similarly a policy regaring the processing industry though in the Union List cannot be promoted without extensive consultation and involvement of the various states.
Export and import policies though largely in the province of the federal government would need the close cooperation of the state governments. Hence in many ways the policies and processes relating to agriculture and allied activities have to be considered as one in the nature of national policies and programmes rather than those exclusively of the constituent parts – centre and the states.

2.6 Policies and Programmes for Agricultural Development – A Post Independence Scenario

The state has played an important role in promoting agricultural development in the country. The country embarked upon the process of a planned socio-economic development and agricultural development merited the highest attention in the country. The broad contours of these programmes related to the building up the basic infrastructure for increasing the agricultural production such as;

i) Provision of irrigation

ii) Land improvement and development

iii) Modernization of the production process

iv) Creation of institutional framework to systematically reach out to the rural community viz. National Extension Service and Community Development Projects, other institutions to provide the goods and services, etc.

Agricultural Policy and Reforms During 1950s

The main policy thrust in the pre-green revolution period from 1950-51 to 1965-66 was an agrarian reforms as well as modernizing
agriculture through large scale investment in irrigation and power and other infrastructure such as;
❖ Credit institutions
❖ Regulated markets
❖ Roads and extension and
❖ Research institutions

Immediately after independence India abolished zamindari system giving occupancy, rights to 20 million statutory tenants facilitating modernization of agriculture. Tenancy laws were enacted in almost all states with the objective of providing security of tenure, regulating rent and conferring ownership rights on cultivating tenants. Simultaneously ceilings on holdings were imposed in the early 1950s and the surplus land was taken over and distributed among the landless.

The abolition of intermediaries and imposition of ceilings on land holdings had over time contributed to the growth of capitalist farming and arrested the concentration of land ownership. It is widely held that restructuring of land relations is a measure of great significance in the rural poor.

**Agriculture Policy and Reforms in Mid 1960s**

In the mid 1960s policy emphasis had shifted from institutional to technological factors. The green revolution which is associated with high yielding variety of seeds ushered in a new phase of agricultural upgrades and modernization. There had been a steady stream of technological improvements contributing to yield improvement in
wheat and rice. The advances in chemical fertilizer technology gave a central place to fertilizer in transforming crop production. Cost reducing technologies led to rapid expansion of tube well irrigation. There has been a shift from tenant cultivation to owner cultivation leading to sharp decline in tenancy. The overall process of growth led to widening of labour market in agriculture, animal husbandry, transport, petty trade, small industries and construction. The green revolution triggered the first large scale rural to rural migration in India wherein the poorly paid underemployed labour in rainfed marginal environments started migrating to green revolution regions.

2.7 Agricultural Policy in the Post Reform Era

Agricultural policy emphasis in the post reform period has shifted to liberalizing trade in agriculture. Economic reforms in the beginning bypassed agriculture in terms of direct reforms except with trade liberalization and relaxation of some export controls over agricultural products. The subsequent currency devaluation and a shift towards floating exchange rates and reduction in industrial production have had indirect effects in the agriculture sector. With the establishment of WTO in 1995 and India becoming member, all quantitative restrictions were dismantled by the end of March 2001. It is hoped that these policy shifts would provide an opportunity for our farmers and agro based industries to tap world markets.

2.8 Agricultural Policy – Need for Reorientation

It is necessary to make a comprehensive review of government policies in agricultural sector in view of the changes in the external
environment especially after India joining World Trade Organization (WTO). There are also important changes in the internal environment viz.

(a) The country has been transformed from a deficit country to self sufficient infact, marginally surplus, in the staple of food grains.
(b) Dependence of workers on agriculture has not declined in any remarkable way.
(c) The incidence of rural poverty has not been reduced significantly.
(d) There is a stagnation in agricultural productivity in recent years.
(e) There is a build up of food grains stocks to an unsustainable level which puts a question mark on the validity and efficacy of our price and subsidy policies.
(f) There is a growing burden of subsidies contributing to mounting fiscal imbalance and crowding out public investment in agricultural.

In view of the above constraints a serious look at the agricultural policies is urgently called for.

Critical Areas

Four major weaknesses plague Indian agriculture. They are;

❖ Preponderance of low-value agriculture
❖ Low cost benefit ratio
❖ Ineffective use of natural resources and
❖ Deterioration in self help institutions

The agricultural policy should therefore aim at;
❖ Increase in ‘value added’ per hectare more so on the small and marginal holdings.
Improvement in productivity of inputs especially purchased inputs, such as fertilizer and irrigation water.

Prevention of environmental degradation, especially degradation of land and water resources and

Encourage to farmer self help institutions particularly at the grass roots level.

2.9 Land Reforms, Agricultural Price Policy and Agricultural Trade Policy – Some Reflections

The post-reforms period has created changes and challenges for evolving policies needed for a dynamic agricultural sector. The following discussion is aimed at highlighting the major aspects relating to land reforms, agricultural price policy and agricultural trade policy in India.

Land reforms initiated and implemented in various states have made significant impact on our agrarian structure. Following these reforms the agrarian system witnessed several important changes viz.

- Enlargement of land holdings beyond the ceiling was halted.
- Phenomenon of absentee landlords was severely weakened.
- Greater convergence of ownership and management took place.
- A more or less uniform land system (approximately to the royatwari system) emerged throughout the country.
- A middle peasantry sharing the characteristics of capitalist farmers emerged in large part of the country.

Despite all these impacts land reforms could not contribute to the overall growth in agricultural productivity. However the plea for
relating the restrictions on land holdings to raise productivity does not merit any consideration as small farm holdings have proved to be productive in many areas in the country and elsewhere. However there is a convincing case for liberalizing tenancy provisions. A time has come when we should allow the lease market to function.

2.10 Agricultural Prices and Subsidies

Currently agricultural price policies comprise a minimum support price to ensure that producers of certain commodities, mainly cereals, are not pit to loss should the market price fall below a certain level; procurement price which entitled producers of certain commodities – again mainly cereals – to sell all their produce at a price declared in advance by the Government; a buffer stock to cushion the country from any large shortfall in food grain production; a public distribution system to distribute procured food grains at an issue price generally lower than the market price to vulnerable sections of consumers. These price policies had served well in the period when the overreaching objective was to close the gap between demand and supply of food grains from domestic production. But the goal of food self sufficiency was reached by the late 1980s mainly due to the 'Green Revolution'. Since then the situation has changed and several distortions have crept in due to this system. This calls for forging a new price and subsidy policy regime.

There is need to recognize that price policy is weak instrument for income transfers. Our capacity to offer minimum support prices for a large number of commodities is limited. Instrument of minimum
support process has to be used sparingly; greater reliance needs to be placed on crop insurance and on forward market procurement operations need to be made more business like; need for dovetailing agriculture and trade policies is urgent; FCI should be decentralized and debureaucratized, states should be made major stake holders in the public distribution system.

Input Subsidies

A disturbing feature of agricultural policy in our country is the large and growing amount of inputs subsidies. The argument that subsidies leading to increase in the use of inputs and consequently resulting in improved productivity has been supported by those in favour of subsidizing farmers for their use of agricultural inputs. Evidence suggests that increasing use of the subsidized inputs is not contributing to productivity at the margin. Marginal productivity of fertilizers and water applications is declining largely because of weaknesses in the organization and functioning of the extension system.

A determined move needs to be made to dismantle the subsidy regime in agriculture. it should be recognized however that our system has been addicted to subsidies (V.S. Vyas, 2001).

Agricultural Trade Policies

The WTO dispensation has covered agriculture in its discipline. The agreements largely relate to three basic areas viz.

i) Market access

ii) Export competition and

iii) Domestic support
The intent of these agreements is to facilitate the process of trade liberalization and provide for arbitration.

One of the major issues in agricultural trade policy is our stance on food self-sufficiency. The widespread move towards globalization on the one hand and secular decline in the food grain prices at international level on the other, have been advanced as the arguments to forsake food self-sufficiency as a national objective and organize production on the basis of comparative costs. Food self-sufficiency simply connotes a trade strategy which would not expose vulnerable sections of producers as well as consumers to avoidable shocks from external trade while there is little justification for food grains imports to meet domestic requirements to any significant extent there is no firm basis to consider the possibility of food grains emerging as major export either.

The criteria by which we should judge the export potential of an agricultural commodity could be

i) The place of commodity in the consumption pattern of the people.

ii) The ratio of export price and the domestic price and

iii) Future demand/supply prospects in the international markets.

These criteria should be kept in the forefront while deciding the strategy of international trade in agricultural commodities.

Agricultural trade policy till recently was designed to pursue two objectives.
i) Food self sufficiency and

ii) Promotion of exports of the so called 'commercial crops' e.g. cotton, jute, tobacco, etc.

Export orientation for the later group of crops is justified as they satisfy the basic conditions to qualify as export crops as indicated above. Another area where India can exploit potential growth of agricultural export in international market. It relates to diverse soil and climatic conditions which include dynamic commodities like fruits, vegetables, flowers, herbs, etc. These commodities enjoy other advantages viz.

1) A faster growing demand in the affluent parts of the world and
2) High value added associated with high labour content of these commodities.

The second characteristics helps in the fulfillment of one of the main objective of agricultural policy namely introduction of high value added agriculture especially on the small and marginal holdings. The growth of exports of these commodities depends on;

i) Vertical integration of the small holdings with appropriate secondary and tertiary organizations for input supply, quality control marketing and processing and

ii) Infrastructural support in terms of communication, transport, cold storage, etc.

The development of economic and social infrastructure i.e. adaptation of banking facilities, insurance facilities, pricing policies
and development of appropriate information system are equally important.

A review of experience in agricultural trade and on examination of future prospects would suggest the following.

i) We should reach effective food self-sufficiency in cereals and be prepared for diversification once a situation of food surplus arises.

ii) We should emphasize export of the commercial crops where India has comparative advantage particularly in cotton, tea and tobacco.

iii) We should harness export potential and processed agricultural commodities, fruits, flowers, herbs, etc. and ensure participation of small holdings in their production.

**Institutional Reforms**

There is need for institutional reforms for promotion of exports viz.

- Policy for canalization of exports through public sector organization.
- Fixing arbitrary minimum baseline price for exports.
- “Stop-go” policy based on ad hoc consideration to be substituted by a well thought-out long term strategy for agricultural exports in tandem with domestic economic policies.

"With a determined bid to orient agricultural production to exports in commodities in which we have a comparative advantage, we have a comparative advantage. We can make agriculture contribute substantially to foreign exchange earning and can introduce value
added agriculture even on the small and marginal holdings. At the same time, we have to ensure that agricultural exports do not prove counterproductive by fuelling inflation within the country and adversely affecting the standard of living of the common people” (V.S. Vyas, 2001).

2.11 Conclusions and Suggestions

Agricultural policy should be oriented towards two major aspects. India should maintain ceiling on agricultural land holdings till the pace of diversification in the rural areas is accelerated and should not abandon the policy of food self-sufficiency till livelihood and consumption patterns change remarkably.

Agricultural reforms in India should focus on the following suggestions (V.S. Vyas, 2001).

i) Acceleration of the process of liberalization in domestic market.

ii) Un-freezing the lease market.

iii) Thoroughly revising the agricultural price support system by;

   a) Curtailing the scope of minimum support process to aim at protecting variable costs for a few commodities in selected regions and

   b) Giving greater emphasis on crop insurance and forward markets.

iv) Carrying procurement operations on commercial lines.

v) Involving states and the lower tiers of Panchayat Raj in public distribution of food grains.

vi) Dovetailing price and trade policies in an effective manner.
vii) Establishing the principle of cost recovery in agriculture inputs and phasing out input subsidies by;
   a) Placing a ‘cap’ on existing subsidies.
   b) Announcement of a time bound programme of phasing out input subsidies.

viii) Working out long term export strategy for ‘commercial crops’ and other dynamic and high value crops.

ix) Progressive decanalization of exports of agricultural commodities and removing other irritants.

x) Preparing to challenges any deviation from main objective of WTO and take initiative in organizing other developing countries for the same purpose.

It is widely accepted that Indian agricultural growth rate of 4.0-4.5 percent to reduce poverty significantly (Rao et al., 1999). At this rate agricultural development would diversify into dairying, animal husbandry, fisheries, floriculture, horticulture and other areas. This would spur the growth of agro-processing industries in rural areas to meet domestic as well as export demand. Rice and wheat farmers should be induced to look for new sources of incomes in diversified agriculture to compensate the fall in incomes in rice and wheat cultivation. As the demand for cereals is mainly population driven whose growth rate is slowing down it would be prudent to divert resources from rice and wheat cultivation to high value crops (R. Radhakrishna, 2002). Since income improvement in irrigated regions is likely to increase the demand for the products of animal husbandry,
fruits, vegetables and processed foods, marketing and agro-processing should receive the attention of policy makers.

It is considered that public spending in irrigated regions should be very selective, facilitative and confined to those critical areas which would supplement private initiative. In short a strategy combining promotion of agricultural growth, productive non-farm employment and high levels of social development would be needed to trigger off labour intensive growth in rural areas.
References


