

Outlook

8.55 Prospects of agricultural production in 2005-06 are considered to be reasonably bright due to near normal monsoon. It is expected that foodgrains production may increase to 209 million tonnes in 2005-06.

8.56 The emerging areas in agriculture like horticulture, floriculture, organic farming, genetic engineering, food processing, branding and packaging, and futures trading have high potential of growth. Development of rural infrastructure, rural extension services and agro-based and food processing industries are essential for harnessing this potential. Indian agriculture suffers from low

yields per hectare, volatility in production and wide disparities of productivity over regions and crops. Domestic production of pulses and oilseeds are still below the domestic requirements. A distinct bias in agricultural price support policies in favour of food grains in the past may have distorted cropping pattern and input usage, and may require corrections. Market for farm output continues to depend heavily on expensive government procurement and distribution systems. A shift from the current MSP and public procurement system and developing alternative product markets are essential for crop diversification and broad-based agricultural development.