

## **Outlook**

8.71 The short-term outlook for agricultural sector appears bright. With a welcome rainfall in early February, prospects of wheat and other rabi crops have brightened. The production of cotton, sugarcane and jute & mesta would set a new record in the current year. However, the production of oilseeds is expected to witness a decline of 15.7 per cent. There has been a sharp increase in the area under wheat with high domestic and international prices providing incentives to the farmers. World Bank's commodity price index

for agriculture with 1990=100, which was 104.7 in January-December, 2004 reached 133.7 in January, 2007. Wholesale prices of most agricultural products were also firm in 2006-07. Together with better crop prospects, this augurs well for farm income. In the medium-term, the prospects for agriculture will be determined by the pace and quality of reforms in this sector; the ability to increase investment in surface irrigation, ground water recharge of aquifers, and restoration of water bodies; and developing high-yielding varieties of non cereal food and cash crops.