

## CHALLENGES AND OUTLOOK

7.128 The agriculture sector faces challenges on various fronts. On the supply side, the yield of most crops has not improved significantly and in some cases fluctuated downwards. The scope for increase in the net sown area is limited and farm size has been shrinking. In the case of certain crops like sugarcane, extreme variability in the acreage and production over the years has been a matter of concern. On the other hand, in the case of pulses, production has just not kept pace with the requirement leading to a rise in prices given that its availability in the international markets is limited.

7.129 Therefore there is clearly a need for a renewed focus on improving productivity. At the same time to step up the growth of allied activities and non-farm activities that can help improve value addition. The current focus on developing rural infrastructure particularly rural roads needs to be maintained as it would go a long way in providing connectivity that is essential for movement of agricultural produce. The irrigation sector requires a renewed thrust both in terms of investment as also modern management. There is considerable scope for development of micro-irrigation systems and watersheds and in the use of a participatory approach for achieving the same.

7.130 There is a need to narrow the gap between producer prices and consumer prices through proper marketing support. The development of marketing infrastructure and storage and warehousing and cold chains and spot markets that are driven by modern technology will go a long way in addressing this need.

7.131 As per the Report of the Committee on Financial Inclusion (January 2008), more than 73

per cent of farmer households have no access to formal sources of credit. Innovative institutional mechanisms that provide credit and financial products (including insurance products) specifically designed to meet the needs of the farm sector keeping their risk - bearing ability in view is the need of the hour.

7.132 The rural economy needs to be viewed as comprising of a continuum of interrelated economic activities. Farming needs to be dovetailed with viable off-farm and non-farm activities. Farmers need to be facilitated to take up value addition such as processing of agricultural produce, horticulture, pisciculture, poultry, development of non-farm rural enterprises.

7.133 On the distribution side, there is need to ensure that benefits accrue to the targeted population. A mission approach for promotion of smart cards and its cross reference with ration cards and voter ID cards would help better targeting, lesser leakages and easier administration.

7.134 An area that requires focused attention is the issue of sustainability of agriculture with due emphasis on environmental concerns. Soil erosion, water logging, reduction in groundwater table and the decline in the surface irrigation are the problems faced by agriculture. The consequences of climate change on Indian agriculture also need to be factored in the strategy for the development of this sector.

7.135 On the whole, while the challenges faced by the agriculture and the allied sector are numerous, the possibilities for new investment, the use of new technologies that could generate value to the society and incomes in the rural sector are also immense.