

**Centre-State relationships in
funding developmental plans in the
Agriculture Sector in India**

A case for a paradigm-shift

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PART-I

Agricultural Production and Farm Incomes - Need for a shift in focus

Low Productivity

- o A stagnant agriculture sector has been a cause of concern for over two decades [even in a year of record growth (06-07), the contribution of Agriculture sector has actually fallen].

Viability of farm-holdings

- Food security can not be de-linked from the need to maintain the viability of farm-holdings.
- Also increased production and enhanced productivity do not necessarily reflect healthy farming systems (majority of suicides by farmers have been in the wake of gluts in commodities such as cotton, tobacco, chillies, potato, and onion, following record production and yields).
- Growth can be achieved and sustained only if the farm-incomes rise and farmers share in consumer-rupee with increased farm-level, price-returns, through higher yield, remunerative price and reduced transaction costs.

Farming Systems

- The country comprises various agro-ecological situations (5, 15, or 120 depending on the degree of details employed) these maintain a dynamic and sensitive relationship with the external environment, that comprises factors such as:
 - Natural – Climatic conditions etc
 - Support-systems which include backward and forward linkages such as
 - Irrigation
 - Power
 - Research/Extension/Technology Transfer
 - Credit/Insurance
 - Farm Inputs – Seeds, Fertilizer and Pesticides
 - Storage/Processing/Marketing
- Plans can not be made for administrative/political units such as States, Districts etc.

Therefore

- o What is required, at the National level is a plan of action for increasing the production and enhancing the productivity of different crops in different agro-ecological situations while protecting the viability of the farm-holdings.

PART-II

GOI and States Relationship

The Reality

- o In Kerala or Mizoram literacy is no longer an issue.
- o Rural housing is almost a non-existent problem in Tamil Nadu.
- o Punjab and Haryana have practically no indigenous agricultural labour.
- o The agricultural economy of Rajasthan is dominated by the Animal Husbandry sector.

But, presently

- o All States are strapped of resources
- o Practically all funding of State-sector schemes is done by the Centre – including agriculture related areas; e.g.,
 - I. Housing : Indira Awas Yojana
 - II. Literacy: Sarva Siksha Abbiyan
 - III. Drinking Water: Rajiv Gandhi Technology Mission
- o Therefore the architecture of intervention-designs is controlled by the Centre.

- Thus guidelines are based on “norms” and “components”- these conduce to easy monitoring/accountability - to defensibility rather than to performance.
 - The “everything-everywhere –all the time - for every one” syndrome has dominated the thinking.
 - Design not informed by regionally differentiated concerns.
 - Top-down.
 - Rigid and Inflexible.
 - No room for creative or innovative adaptation.
 - Insensitive to sub-sectoral needs.

Thus

- o The States largely remain passive recipients of Central assistance, and
- o Straitjacketed GOI guidelines stifle the voice of regional/sectional/ sectoral requirements.

Meanwhile

- o Preoccupation with running a large number of schemes has led to a dangerous disconnect with the outside world.
- o No meaningful dialogue is taking place with the external environment - an overriding imperative, especially post - Liberalization/Privatization/ Globalization.
- o Even internally within and amongst the players, (irrigation, power, extension, research, credit, insurance, storage, processing, marketing etc.), there is a lot of **physics** but little **chemistry**!
- o Also no effort at macro-management in areas of centre's basic functions:
 - Credit
 - Insurance
 - Research Management – now “blue-sky” and **fundamental**
 - Exim Policy - **currently stop-go and knee-jerk in nature.**

- Infrastructure (ports, roads, cold chains etc)
- International obligations, such as those arising out of the
 - **Agreement on Agriculture** at the WTO
 - **Need to respond to emerging concerns such as desertification, glacial- melt, sea-level rise, global-warming and climate-change etc.**
- o GOI agencies thus in need of a one-time catch up.

A time for questions not answers

- *Can we make subsidies back ended, targeted and transparent, so that end-use monitoring is facilitating?*
- *Can lending for consumption purposes or expensive green houses legitimately constitute a priority sector concern?*
- *87.5% (in 1993) of research by the Agricultural Research Organization, in Israel was contracted for by farmers to provide specific solutions to problems posed. Why is there practically no such effort in India?*

- **Contract farming**
 - **offers to the farmer, a guarantee of**
 - a price and
 - a buyer
 - **ensures to the processor**
 - availability of raw material
 - with price/quality control concerns taken care of.

- **The cigarette/sugar/oil-palm factory models have succeeded already. Should we do a lot more of this, especially in respect to volatile commercial crops such as cotton, onions, chilies, potatoes, tomatoes and copra etc?**

- **Are we aware that the so –called “Agricultural marketing” Departments of the Centre and the States are really “agricultural markets” Departments (with marketing as a discipline yet to evolve in the agricultural sector)?**

- ***When will agriculture transit from churning-out “commodities” to producing “products?”***

Importance of an on-line, real-time environmental scan

- o Scanning the environment
- o Spotting opportunities and threats
- o Collecting and collating information
- o Adding value (especially to forecasts and early warnings by Scientific and Technical agencies)
- o Dispatching advisories to appropriate destinations.

For example: If three or four parameters are measured at five-six pre-set timings at about 70 places in the wheat growing areas of the country, the picture that emerges will be infinitely sharper and clearer than the present forecast.

Department of Agriculture and Cooperation (DoAC) once had a blue print, which has now been abandoned.

- o Expanded and creative use of Information and Communication Technology is also an empowering tool for reducing the gap between availability of and accessibility to:

- **Technology Inputs**
- **Credit**
- **Insurance**
- **Markets**

in a timely and effective manner.

The Way Ahead

- o Agriculture has to graduate from being a sustenance occupation to a commercial activity.
- o Support systems have to shift from a supply-mode to a demand driven regime.

PART-III

**The time has
therefore come for a
- Paradigm Shift
towards
Structural Reforms**

Paradigm Shift to

- Doing things “**differently**” rather than “**more**” or “**better,**” a regime that shifts the focus from the “**linear**” and “**incremental**” to the “**conceptual approach**”.
- Move from a ‘programme approach’ to a “**mission mode project approach**”.

The Centre's approach should involve

- Bulk funding of State.
- Regionally differentiated Work Plans comprising:
 - Interventions defined in Matrix-(what, where, how, by whom and by when) specific interventions
 - Promising a destination in terms of quantified, pre-defined, deliverable outputs.
 - Roadmap to destinations duly marked off by mile-stones and time-posts (in an “if-then” mode).
 - Formulated in a participatory mode
 - Implemented in a partnership mode with the States and
 - Monitored effectively by independent external agencies-which should be eminent Centres of Excellence.
 - In a half baked effort, DoAC had evolved as a “macro-management” scheme, with a catch-all, cafeteria approach.
 - The Rashtriya Krishi Vikas Yojana (RKVY) has gone a great distance in doing all this, but needs to go further and cover the last mile (MoUs, DIME, partners etc)
 - The concept needs to be totally revamped as suggested in this proposal.
- Duly recognizing the role as partners, of independent agencies in ensuring efficacy of Design, Implementation, Monitoring and Evaluation (DIME).

Centre now needs to move to an arrangement that will seek to

- o Supplement the efforts of the State. e.g. supply of inputs, storage and processing facilities
- o Complement their efforts in a synergic manner. e.g. minimum support prices, regulate exim policy to respond to fluctuations in production, creation of infrastructure.

And do its own things like:

- o Research Management
- o Controlling fiscal instruments (credit, insurance)
- o Attend conceptually to International Obligations in a contemporary and informed manner.

PART-IV

The DIME Formula

Centres of Excellence as DIME partner

- o A Centre of Excellence as an Independent DIME partner is the need of the hour for all major programmes.
 - *a la* the U.P. Sodic Land Development Programme, funded by the World Bank, where the GoI, the State Government and the World Bank accepted such a relationship with the Indian Institute of Management, Lucknow-(project graded as one of the five best World Bank aided programmes in the country).

Deliverables

- o Increased production and enhanced productivity organized crop wise and based upon optimal use of agro-ecological conditions and efficacy of support-systems resulting in increased farm-incomes.
- o Realistic planning based on knowledge of strengths/opportunities, relating to the needs of agro-ecological situations.
- o Doable and mission-mode projects at the cutting edge level addressing locally specific critical areas.
- o Avoiding gaps and overlaps and
- o Plans of Action with destinations, roadmaps as suggested by MoUs.
- o As already stated macro management and RKVY made a beginning, Need to go forward
- o But cautiously – “le plus de la change, le plus des chose sont de même

Expected Outcomes

When summed up, the outcomes of all MoUs should add up to the National expectations in terms of

- o Quantitative
 - Production and productivity of various crops and commodities,
 - Improving soil health parameters
 - Controlling pest-harvest losses
 - Waste land development
 - etc.
- o Qualitative
 - Centre - Staging the rights of women & children
 - Responding to concerns relating to environmental degradation
 - Promoting Good Agricultural Practices (compliance with recently formulated GAP India)
 - And, ***most importantly, repositioning the Department of Agriculture, Government of India*** in the entire system – through ***a one-time catch up***

while conceptually addressing related concerns such as

- Production/yields of different crops
- Balanced nutrient-consumption,
- Controlled use of fertilizers and pesticides
- Land, atmosphere and water conservation
- Gender-sensitivity
- Ability to respond to emerging concerns etc.

Finally enhancing the viability of individual farms

Thank You