

Prime Minister Speaks

The Words of Hon'ble Prime Minister for the nation



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When we became independent as a nation, our Founding Fathers dreamt of a country where every citizen would be free from poverty, ignorance and disease – problems which had plagued millions of our people for centuries. While we have made remarkable progress in many spheres since then, it is still a matter of serious concern that large segments of our society still suffer from these age old scourges. It is only by empowering people and by granting them an inalienable right to a livelihood can we ensure that such intentions and dreams get translated into reality.

Agriculture is the life blood of our country. The livelihood and economic well being of the majority of our population depends on how agriculture fares. The key to their prosperity – and the prosperity of the entire nation - depends critically on transforming and rejuvenating Indian agriculture. It is often said that India lives in two different worlds separated, it seems some times by centuries. The reality of a globalised, industrialized India is as true as the reality of the bullock cart and the uneducated farmer. We are today both a developed and a developing nation at the same time. Extremely advanced forms of agriculture and industry coexist with other forms from a bygone era. Bridging this gap is the ultimate development challenge of the 21st century. I am delighted that FICCI is focusing today on the importance of our agricultural economy and how to get it moving at much faster rate that is needed to realize our development ambitions.

The importance of agriculture has many dimensions to it. Not only is it a major segment of our economy, contributing almost a quarter of our GDP, but is also the provider of gainful employment and incomes to the maximum number of people. I wish to point out that given the state of our economy agriculture and the rural economy act as the only social safety net available in rural areas, particularly for those who have no other employable skills. This aspect is often forgotten when there is talk of liberalizing agriculture. Further, agriculture is at the core of many elements of our social and cultural heritage. To my mind, given this centrality of agriculture to our economy and society, the key breakthroughs that we have to make in our country to spread the benefits of economic reform lie in the area of agriculture.

What is alarming, however, is that there seems to have been a neglect of agriculture in the past decade. I am not sure whether we can say that there is an agricultural crisis, at least in some regions of the country, but no one can deny the fact that Indian agriculture has been performing much below its potential in recent years. There is, to begin with the sheer tyranny of numbers. If we want to step up the rate of growth of the economy to 7 to 8%, we have to accelerate the rate of growth in agriculture. Unfortunately, there has, in fact, been a deceleration in the past decade. While the Tenth Plan assumed that agricultural production would grow at the rate of 4.0%, the reality is that in the first three years of the Plan we have not been able to ensure even

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1.5% rate of growth. It is to reverse this neglect that our Government stated at the very outset that our priority would be to give a “New Deal To Rural India”.

This “New Deal” requires reversing the declining trend in investment in agriculture; stepping up credit flow to farmers; increasing public investment in irrigation and wasteland development; increasing funds for agricultural research and extension; creating a ‘single market’ for agricultural produce; investing in rural healthcare and education; investing in rural electrification; investing in rural roads; setting up commodities futures markets; and, insuring against risks which are inevitable in an increasingly commercialized agrarian economy.

The process of economic reforms initiated by the Congress Government in the early 1990s has paid rich dividends in many dimensions. Yet it is also true that our economic performance has deteriorated in the second half of the 1990s. After achieving a growth rate of 6.7per cent in the Eighth Plan period, the economy decelerated to 5.4per cent in the Ninth Five Year Plan. The Tenth Plan had established an ambitious target of 8.1per cent growth, against which the actual performance attained in the first two years - at around 6per cent - has been less than satisfactory. What is even more disturbing is that agricultural growth has decelerated from the mid 1990s. In these circumstances, it is hardly surprising that a perception has grown that the benefits of economic reforms have bypassed a substantial section of our people.

Therefore I think it is incumbent on us to devise and implement a development strategy which introduces the urgently required corrective steps to achieve sustained high rates of growth in the economy, along with a significantly greater degree of inclusiveness and thereby, a lesser sense of alienation. We will need to pay much greater attention to agriculture and rural development and to reduce regional imbalances in the process of development. Basic social services such as education and health will also require a sharper focus.

At the time of approving the Tenth Five Year Plan in December 2002, the National Development Council (NDC) identified four critical areas of reform which required to be designed and guided at the highest political level. These were:

1. Governance Reforms, with special reference to e-governance
2. Creating an Investor-friendly Climate
3. Removal of Barriers to Internal Trade
4. Financial and Administrative Empowerment of Panchayati Raj Institutions

The approach paper sets out in detail the key areas of concern for our government, and the sectors of economic activity which we need to keep in focus during the remainder of the Tenth Plan. I suggest that we deliberate on this issue in some detail, since it will form the basis of our economic agenda not only for the remaining years of the Tenth Plan, but also for the Eleventh Plan.

As you will appreciate, we have a substantial agenda before us and we will need to be focused in our deliberations if we are to do justice to it.

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