

## CHALLENGES AND OUTLOOK

7.78 The agriculture, forestry and fishing sector is estimated to grow at 2.6 per cent during 2007-08, as against the previous year's growth of 3.8 per cent. Besides the weather induced fluctuations, output of this sector has been affected due to reduced capital investment and plateauing of yield levels in major crops. Any deceleration in the growth of this sector is translated into a lower overall GDP growth.

7.79 Acceleration of growth of this sector will not only push the overall GDP growth upwards, it would also make the growth more inclusive and biased in favour of women. Increasing farm incomes is also necessary for an equitable growth. Further, with uncertainties in global markets and hardening of the international prices of food, fuels and edible oils, domestic price stability and food security critically depend on growth in this sector. This necessitates working out the forward and backward linkages that enhance productivity through balanced allocation and better utilization of available resources at all levels of implementation and quantifying output per unit of resource used. The issue of productivity and resource use assumes importance as agriculture continues to support more than half of the total population.

7.80 The long-term policy framework at broad sectoral level needs to be strengthened and focused on improving inter- and intra-sectoral linkages. In addition, there is a need to build an outcome-oriented perspective in the implementation of public programmes in the area of irrigation, fertilizers, use of high-yielding varieties of seeds, extension support for facilitating adoption of improved practices, and market access. While public investment in agriculture may not have kept pace with the requirements of the sector, food and fertilizer subsidies have supported the agriculture sector. There may be a need for better targeting of these subsidies with a view to optimize the resource allocation and returns there from. With area under cultivation remaining constant, improving the productivity of crops is necessary for strengthening the farm sector.

7.81 Consequent upon the 53rd Meeting of NDC on May 29, 2007, new initiatives in the form of National Food Security Mission and Rashtriya Krishi Vikas Yojana have been taken in 2007-08 to rejuvenate this sector. The sector will benefit immensely from these policy interventions. Human resource development of the persons engaged in agriculture is necessary not only to have greater penetration of better technology but also because new skill sets would be necessary to enable underemployed labour in this sector to get absorbed in other fast growing sectors.

