

29th Convocation

Convocation Address

Dr. Yoginder K. Alagh

Chancellor, Central University of Gujarat,
Former Union Minister of Planning & Programme Implementation,
Science and Technology & Power, Govt. of India

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MAHATMA PHULE KRISHI VIDYAPEETH

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Maharashtra (India)

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PULSES IN OUR AGRICULTURE

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INTRODUCTION

Pulses play an important part of our diet. Maharashtra is a major pulse producing state. I believe the pulses economy will play an important role in our agriculture during your career and so have decided to say a few words on it in my address.

The areas I will cover include the seed replacement / multiplication and development strategies, review of prices, tariff and trade **policies particularly** medium and long term **research** issues and **PPP** business models in the pulse economy.

Yield of pulses has remained low. The number of districts harvesting more than 0.8 or 1 tonnes/ha yield of *khariif* pulses is small. The gap between demand and supply has been widening and has necessitated annual import of pulses of around 3 million tonnes. By 2024-25 HPR estimates 25.39 million tonnes demand. This means that production would have to be almost doubled and as the 12th Plan states “output of pulses should grow at a rate significantly higher than that of cereals so as to service the expanded demand in these areas”. In fact some econometric estimates of the demand elasticities of pulses range from 1.5 to 2.0. This would mean that with an increase of around 6.5 per cent annual in per capita income demand for pulses would increase around 10 per cent annually and the Plan targets are on the low side (Y. K. Alagh, The

Future of Indian Agriculture, Indian Economic Journal, April 2011, pp. 40-55: also book by the same title, NBT, 2013).

SEEDS

Around 8 million tonnes of certified seeds are needed annually. The National Agricultural Research System can meet a lot of these needs. In Maharashtra particularly the agricultural universities including Rahuri have strengths in this respect, but support from ICRISAT, private public partnerships has also been advocated. Good Agronomic Practices are important including pest surveillance and dissemination of experimental results is advocated. In many soils, particularly the hard rock areas of the Deccan, mechanization is essential to raise productivity. Although Maharashtra is one of largest producer of most of the pulses its productivity levels in comparative terms, globally are generally low. Technology breakthroughs in the difficult regions and adverse farming conditions (rainfed regions, the ghats and hill regions) are just not there on a large scale.

The programs of development currently being implemented will raise yield to, say 15 quintals per hectare in Maharashtra, which is a leading pulse growing state. But this is low by global standards and by the requirements of our own needs. We in Maharashtra and indeed in our country, since Maharashtra is currently a deservedly and recognizably so, a leading state, do not figure in major technological breakthroughs in the world with countries like Canada and others achieving averages of around two tonnes per hectare in pulses productivity.

A detailed plan for achieving experimental yields of two and a half tonnes per hectare as in some countries like Canada is **not available** in India and in fact we do not even have the skills to prepare it according to The Report of The Expert Group on Pulses of the Government of India

chaired by me. Such a plan could not be prepared even though it was requested by the Expert Group. The existing somewhat rudimentary stage of the art is given in some recent discussions reported. The research establishment is not only to blame since **highly negative signals** have been given **to the scientists** working in the field as in the *Bt* brinjals case.

It is obvious that the needs are so high that both for resources and management of details a **PPP mode** will be needed. The Public sector ICAR supported system in Maharashtra will need to take the strategic initiatives, to prepare such a plan. **DG ICRISAT** has endorsed the need to plan for yields of above two tonnes per hectare in different agro-climatic regimes. If we get on the drawing board now, it would take 4-5 years. We need such **strategies for many pulse crops, in the PPP mode** (GOI, 2010). To meet such needs, both money and mobilization of scarce technical talent are required. We also need great management and organizational abilities to cover the last mile in a long-haul problem. The plan will cost hundreds of crores of rupees, if the experience of hybrid paddy is any indication. For example, a highly productive seed chipper machine of Monsanto costs a billion dollars.

To put it briefly and given the importance of the subject some repetition is justified, while with the available technologies given policy support, pulse productivity can rise by around a quarter, if a long term plan is not made, there can be no question of achieving pulse demands, towards the end of the decade. If these plans are not set in place now their outcomes will not be achieved. To develop the next generation germplasm we need at least 5-7 years and so long term planning and action is needed. The Expert Group I chaired repeats the available plans in a tabular form at the risk of some duplication. It also notes with considerable regret that inspite of repeated requests the research establishment has not given a detailed road map and the bare outlies below

will need to be flushed out detailed, costed, milestones laid down and implemented in the next six months. Therefore only a preliminary listing of steps was presented in the report.

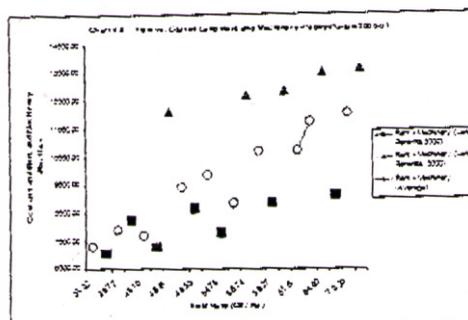
PRICES, TARIFFS AND TRADE POLICIES

If the farmer does not get a proper price he will not implement our advocated policies for which he will need incentives to do so. Unfortunately the Government of India follows a policy of keeping agricultural prices low to keep ' food inflation low' for urban consumers and the CACP does not take into account the massive subsidies given by exporters of pulses to India. Studies show that pulse producers get upto 90 per cent of their costs subsidized in such countries and obviously they don't want to accept a WTO agreement to stop all this. **To be fair to The UPA Government it has to be recognized that it has raised MSP for pulses and oilseeds in a much faster manner than the NDA Government. Also it has not accepted the CACP's low support and has given higher MSPs.**

But the incentive has to make the pulse crop competitive with other crops, compensate the efficient farmer and most important set the market for him to compete with imports. I have advocated a detailed structure of **MSP/tariff policy** recommendations to meet the economic **incentives** needed for what is described as **efficiency** shifters with calculations from cost of cultivation data to make our farmers competitive by meeting transitional costs (Yoginder, K. Alagh, The Future of Indian Agriculture, 2013, NBT, Chapter 5). CACP under Abhijit Sen had also recommended this WTO compatible strategy as described in the Alagh Committee Report of 2003.

This policy can be shown in a visual manner as follows from a Cost of Cultivation example for another crop and another state but the principle is the same.

visually



We need to **blend domestic price policy with tariff policy** such that domestic price of pulses stabilize and attractive returns to pulse producers are ensured. Import duties on pulses need to be calibrated in response to the demand and supply situation. The first thing to do is to recognize that MSP with subsidies without tariffs, subsidies farmers in countries exporting to India. You give a high price to imports and subsidise them here. It is a strange context of a poor country subsidizing farmers in rich countries because of poor economic policies. The facts are clear but the question is do we have the vision to implement this.

BUSINESS MODELS

For seeds a Central organization working on what are called **long-range, marginal cost principles**, which have been advocated for power projects, for example, could work out **fair pricing solutions**. Anybody doing better than the average efficiency cost estimates giving a fair rate of return, would keep the profits.

It is important that the approach of a **national regulator** suggested in the proposed Seeds Bill is properly designed and implemented by law. Instead, we are going through an extremely destructive regulation of

states through State Price Control Acts. By cutting down normal profits in the industry after R&D has been done, this will discourage investment in the sector. In April 2011, the Gujarat High Court has struck down the right of the State Government to regulate seed prices.

For technology diffusion and spread the models studied also involve private-public partnership (PPP) and a public-private partnership model involving the agencies and activities listed below have been recommended;

Public Partners :

- Public research organizations for development of varieties production of nucleus and breeder seed.
- SAUs/KVKs for improved package of practices.
- Departments of Agriculture for proving policy and administrative support.
- Water and vegetation for augmenting pulse production on sustainable basis.

Examples include:

- Rallis India – Tamil Nadu Govt. and partnership for enhancing black gram cultivation in 3 blocks of Pudukkottai district of Tamil Nadu.
- Tata Chemicals Ltd., - Punjab State Govt. partnership for promotion of summer moong in Punjab.
- Agriculture Consultancy Management Foundation (ACMF) - Rallis India Ltd. Partnership at Somangalam (Chennai) in Tamil Nadu for promotion of black gram cultivation.

We must also recognize the negative economics of **stocking limit** orders, trading movement controls, **licensing** requirements and other controls. These should be abolished and Government intervention must be through the market and not the police unless criminality is involved.

CONCLUSION

You can see that I believe that it is possible to create the conditions in which the Maharashtra farmer can solve very complex problems the country faces. If in the last few minutes I have succeeded in reinforcing this belief which I am sure you have. I am happy at coming to Rahuri again. I have great faith in each one of you. I believe that the present generation of girls and boys like you is smarter than mine. That is the Alagh Law of generational progress. If you violate the Alagh law I will be there to chastise you as a teacher of our decades standing. Stand tall. The future belongs to you.

Good Luck and Jai Hind.

