

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**FINANCE MINISTER HOLDS FIRST PRE BUDGET CONSULTATIONS WITH
AGRICULTURE GROUP; CALLS FOR SUGGESTIONS TO INCREASE
AGRICULTURE PRODUCTIVITY**

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The Union Finance Minister Shri Pranab Mukherjee said that the current year was a challenging one as far as the domestic and the global economy was concerned. The Finance Minister said that the inflation especially the food inflation remained very high during the major part of the year. He said that it is only after tightening of monetary policy over the year to contain demand side inflationary pressures and removal of supply side constraints that we were able to contain the food inflation. He mentioned that the food inflation which was as high as 22% in February 2010 and was now on the negative side as per the last week's figure. He also mentioned that though the foreign direct investment has doubled during the current financial year as compared to the previous year but simultaneously we have to face the challenge of substantial outflow of funds by FIIs. He said that it would be difficult to achieve the target of fiscal deficit of 4.6% for the current financial year though we will make our best efforts to reach as near as possible. He said that the exports are going downwards in the later half despite registering a substantial growth in the first part of the year. The Finance Minister Shri Mukherjee was addressing the representatives of Agricultural Sector during his first Pre-Budget Consultations for the year 2012-13. The Finance Minister said that the agriculture is a vital sector as 58% of our work force is engaged in this sector. He said that the monsoon was normal in the last two years and Kharif Production is expected to be around 124 million tonnes this year. He called suggestions from the representatives of the agricultural group to enhance agriculture productivity, about reforms to be brought in agriculture pricing, measures required to meet food security needs and dealing with mal-nutrition and issues relating to procurement, marketing, cold chains and maintenance of buffer stocks etc.

The representatives of agriculture sector later gave their suggestions to enhance agriculture productivity, the share of agriculture in GDP and meeting the challenge of food security among others. They suggested rationalisation of the different subsidies, decentralisation of handling of food grains to ensure food security, priority to increase areas under edible oils & oil seeds and allocation of higher resources for this sector among others. Besides it, suggestions for giving tax exemptions to cooperative societies especially labour and housing cooperatives, defining cooperative banks as scheduled and non-scheduled banks, to impress upon States to remove mandi tax and purchase tax etc. on dairy cooperatives and exemption of taxes for fishery cooperatives at par with agricultural cooperatives etc. Some members suggested for higher focus on agro-processing, quality human resources in agriculture, agro-meteorology, agro-fino-technology, farm mechanism and skill development among others to meet the future challenges in this sector. Some members supported FDI in multi brand

retail for better prices to the farmers, more focus on development of agriculture infrastructure, encouraging private sector investment in agriculture sector, use of genetically modified seeds, concessions to agro-based sectors among others.

Beside the Finance Minister, both the Ministers of State for Finance, Shri S.S. Palanimanickam and Shri Namo Narain Meena, Chief Economic Advisor, Secretary (Financial Services), Secretary (Expenditure), Secretary (Disinvestment), Secretary (Agriculture and Cooperation), Secretary, DARE and DG, ICAR, Chairman, CBDT, Chairman, CBEC, Addl. Secretary Budget were present among others. The major representatives from the agriculture sector who attended the meeting include Dr. Ashok Gulati, Commission for Agriculture Costs & Prices, Shri P. Chengal Reddy, Consortium of Indian Farmers Association, Dr. Dinesh, National Cooperative Union of India, Dr. B.S. Dhillon, Vice Chancellor, Punjab Agricultural University, Prof. Amita Shah, Gujarat Institute of Development Research, Dr. K.V. Prabhu, Indian Agriculture Research Institute, Shri Y.Sivaji, former MP, Shri Ramesh Chand, National Centre for Agri Economics and Policy Research and Shri Anil Singh, National Secretary, NAFA among others.

DSM/GN