

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**GOVERNMENT OF INDIA AND WORLD BANK SIGN US\$ 109 MILLION
AGREEMENT FOR RAJASTHAN AGRICULTURAL COMPETITIVENESS
PROJECT – 155,000 SMALLHOLDER FARMERS TO BENEFIT DIRECTLY**

New Delhi: Chaitra 24, 1934
April 13, 2012

The Government of India, the Government of Rajasthan and the World Bank today signed an agreement for an IDA credit of US\$ 109 million for the Rajasthan Agricultural Competitiveness Project to increase agricultural productivity through sustainable and efficient use of water resources.

The Project is expected to increase agricultural productivity and farmer incomes through efficient water management, crop management, improved agricultural technology, farmer organizations and market innovations in some 20 selected areas of around 10,000 ha each, across 10 Agro-Ecological Zones of Rajasthan. In all, about 200,000 ha of agriculture land will be covered benefitting some 155,000 mainly smallholder farmers.

Rajasthan is faced with acute water shortage. Covering 10 percent of India's land area and about 5 percent of the country's population, Rajasthan has less than 2 percent of its water resources. Erratic rainfall and recurring droughts have exacerbated the situation. Over the last 100 years, on an average, every district in the state has experienced drought in some form or the other for 50 percent of the time. Over 60 percent of the state's population depends on (often low productivity) agriculture for their livelihood.

Apart from harsh and erratic agro-climatic conditions, agricultural production in Rajasthan is constrained by farmers having limited access to inputs like land, water, seeds and fertilizers as well as lack of technology, markets and farm credit. This has led to low productivity and subsistence-oriented farming systems in order to either cope with drought or to produce marketable surplus in years of good monsoon.

Speaking on the occasion, Shri Venu Rajamony, Joint Secretary in the Department of Economic Affairs, Ministry of Finance said that Rajasthan has limited water resources and is facing an increasing constraint on water availability, in particular for agriculture. Improving productivity per unit of water use in irrigated agriculture (both surface and groundwater) and achieving productivity gains in rain-fed agriculture are one of the great untapped opportunities of the agriculture sector in the state, he said. Shri Venu Rajamony further stated that a more water-efficient agriculture, as envisaged under this Project, is expected to help farmers move from low value, often water-guzzling crops to high value farming, as envisaged by the Government of Rajasthan in its Water Sector Policy adopted in 2010.

Consequently, a primary focus of the Project is to reduce the agriculture water footprint by supporting measures that improve harvest, capture, collection, delivery and distribution of water for crops and livestock dependent on either irrigated, ground water or rainfed water sources; improve water use efficiency in farms; increase moisture and fertility in soil; and promote market-oriented production.

Shri D. B. Gupta, Principal Secretary, Agriculture, Government of Rajasthan said that achieving sustainable water resources management practices within agriculture is at the core of the Rajasthan Agricultural Competitiveness Project.

The agreements for the Rajasthan Agricultural Competitiveness Project were signed by Mr. Venu Rajamony, Joint Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India; Mr. D. B. Gupta, Principal Secretary, Agriculture, on behalf of the Government of Rajasthan; Mr. Rajendra Prasad Sharma, Project Director, on behalf of the Rajasthan Agricultural Competitiveness Project; and Mr. Roland Lomme, Governance Adviser, World Bank (India) on behalf of World Bank.

On the occasion, Mr. Roberto Zagha, World Bank Country Director for India stated that the agricultural sector needs an end-to-end approach ranging from water management to better agricultural practices and marketing. While various individual building blocks of an end-to-end approach like water user associations, agriculture technology transfer, farmer producer groups, and marketing development have been tested across different projects in India, the Rajasthan Agricultural Competitiveness Project, is for the first time, attempting to integrate all these elements across three water sources – canal water, ground water and rainfed agriculture – through a holistic approach, he added.

As part of this approach the Project will not only enable farmers to engage in profitable market-oriented production that is sustainable, but also promote partnerships and market linkages with other value chain crops and agribusinesses.

While challenges in making the semi-arid dessert bloom are many, there are also significant opportunities associated with agriculture in Rajasthan. Mr. Severin Kodderitzsch, the Project's Task Team Leader and the Bank's Country Sector Coordinator for Agriculture and Rural Development in India said that the state holds several promising potentials. For example, it can diversify into higher value, less water consuming horticulture, floriculture, spice and medicinal plant production; it has a range of tested on-farm water management technologies; and experience in managing public-private partnerships in agriculture.

The Project will be financed by a credit from the International Development Association (IDA) – the World Bank's concessionary lending arm – which provides interest-free loans with 25 years to maturity and a grace period of five years.

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