

State Level Inception Workshop Grassroots Reachout & Networking in India in Trade and Economics-2

September 05, 2007

HCM RIPA, Jaipur, Rajasthan

Introduction

CUTS Center for International Trade, Economics and Environment (CUTS CITEE), Jaipur, organised a State Level Inception Workshop under *the Grassroots Reachout * Networking in India in Trade and Economics (GRANITE) Project Phase 2*, being implemented in Rajasthan state at HCM Rajasthan State Institute of Public Administration (HCM RIPA), Jaipur, on September 05, 2007. Oxfam Novib and Royal Norwegian Embassy, New Delhi, India are supporting this 3-year project. The project aims to bring pro poor development by addressing the concerns of the export potential of commodities in the employment intensive sectors like agriculture and handloom as well as generate a coherent civil society voice in the formulation and implementation of National Foreign Trade Policy (NFTP).

The overall goal of the project is to foster equity and accountability in the economic governance of India at the local, state and national level and to ensure economic literacy among the stakeholders to ensure a linkage between economic development and human development.

Background

The economy of Rajasthan depends largely on agriculture and allied industries with over eighty percent of population of the state depending on it. The western region of the state is mainly semi arid or desert but the eastern region is more fertile due to various river following through it; hence suitable for farming. However, agriculture in Rajasthan is largely dependent on the vagaries of the monsoon. The coefficient of variation in rainfall is very high, from less than 100 mm in Jaisalmer to more than 1000 mm in some part of Chittorgarh, Jhalawar, Baran and Kota districts.

The state has vast potential for export of agro- commodities and their products. The main agriculture related product which can be promoted are spices, garlic, red chilies, dry roses/rose products, citrus fruits & their products, onion and other processed vegetables, sesamum seeds (processed), basmati rice of kota & bundi, non-edible oils like castor, neem, tumba & jateropha, soya bean de-oiled cake & soya protein isolates, Medicinal plants produce, e.g. isabgol, mehendi (Henna), senna etc., as well as raw cotton, guar-gum, honey, guar products, honey products etc.

Handloom and handicraft constitutes an important part of the non-formal sector of Rajasthan economy. According to a survey conducted by Directorate of Industries in 1997-98, about 66,000 weavers operate nearly 33,000 handlooms in Rajasthan and produce 62.8 million sq meters of cloth from cloth, woollen, silk and synthetic fibre.

Under GRANITE Phase 2, CUTS CITEE aims to probe deeper into the coherence of NFTP with respect to its impact in improving the livelihoods of poor and find out the level of participation of various stakeholders in the formulation and implementation of the policy. The project also aims to do product specific research in both the sectors in Rajasthan.

Objectives

The objectives of the State Inception Workshop were to:

- have a focussed discussion on the NFTP in the context of Rajasthan;
- bring in the issues of need for consultation with respect to policy formulation and implementation;
- discuss in detail the role of each stakeholder in the project;
- have a detailed discussion on the export potentials of commodities from agriculture and handloom sectors in the context of Rajasthan; and
- launch the project in the state by making the participants aware of the nuances of the project.

Participants

The Inception Workshop was attended by the representatives of various community-based organisations (CBOs) from all over the state, the farmers, weavers and the members of self-help groups (SHGs). Sunil Ray from Institute for Development Studies (IDS) Jaipur, Dr Hema Yadav, Deputy Director, National Institute of Agriculture Marketing (NIAM) Jaipur, and representatives from Indian Tobacco Company (ITC), National Bank for Agriculture and Rural Development (NABARD), SKS Microfinance, Jaipur and academic institutions like Institute of Rural Management (IRM), Jaipur and IILM, Jaipur participated in the workshop.

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Pranav Kumar, Deputy Head, CUTS CITEE inaugurated the inception workshop and welcomed all the participants, setting the mood for the discussions by enumerating the objectives of the seminar. He threw light on the fact that NFTP is not something absolutely new but just a step ahead to incorporate the interests of masses at the

grassroots. The import and export existed previously but now there has been a change in the government policies. He emphasised that the government can as well make policies and provide assistance but the utilisation and implementation of these policies lies solely with the beneficiaries. The farmers must target the simple economics of surplus production in order to be able to trade and export their commodities.



Dr. Sunil Ray, Pranav Kumar, Dr. Hema Yadav

Session 1: National Foreign Trade Policy of India, 2004-09: The Perspective from Rajasthan

Speakers: Dr Sunil Ray, Researcher, IDS, Jaipur
Dr Hema Yadav, Deputy Director; NIAM, Jaipur

The main objective of this session was to have a discussion on problems and prospects of NFTP in the context of Rajasthan as well as stimulate the participants to express their concerns regarding the export of potential commodities in the state. Dr Sunil Ray expressed his profound concerns on the mismatch of rising gross domestic product (GDP) and stagnating grassroots. The emphasis was laid on the linking of the international trade with employment generation. In the process it is important to take into account the common people and address the issues for their inclusion and designing a strategy, which could be followed by the CSOs to achieve the objectives. Dr Ray talked about the distortion of markets, which he classified into three categories as: labour market; product market and credit market.

The credit markets are such that the farmers are committing suicides. The rising cost of agro inputs has become a major concern. The need, therefore, is to have policies that actually address the concerns of the farmers and are properly implemented. The government in the present NFTP has announced various schemes like Duty passbook Entitlement Scheme (DPEB), Warehousing and Trading Zone (WTZ), and Vishesh Krishi Gram Udyog Yojna (VKGUY) etc. The question, however, is that how many

farmers are being able to use the schemes for their economic development. The need, therefore, is that NGOs and CSOs join their hands in ensuring a profitable business for the people at the grassroots. It is also very important to realise that the demand for ethnic products is on rise in the international market and the regional value of the specific handicrafts will never go down.

Therefore, the quality consciousness is a must along with the creativity in the methods of production. CSOs like CUTS aims at taking the views and demands of farmers forward with respect to proper policy, equity and adequate provision of facilities.



Amit Bharadwaj, Sunil Ray, Pranav Kr.

Reflecting on the concerns raised Pranav Kumar commented that Agriculture is a state subject and the central government, in a broad policy like NFTP, cannot address the sectoral issues, while the impact of globalisation has been such that a change in policy in America impacts the farmers of a remote village in India. He also mentioned that a lot of hue and cry has been made on quota and subsidies, which were supposed to have bad effects on the farmers of all the developing nations. The quota was removed while the subsidy was supposed to be removed in the time duration of nine years, which has not yet been done by the developed nations, as they continue to subsidise their farmers hugely. The approach of the governments of developing nations should be to take some measures like quantitative restrictions (QRs). There is also no provision for the protection of traditional knowledge (TK) and the government must be pressurised to take some measures in this regard.



Participants in the Workshop

The next topic for discussion was “*the importance of research on the exportable commodities*”, which was deliberated upon by Hema Yada. In continuation of the reply to one of the questions raised by a farmer participant with respect to rising prices of agriculture inputs while experiencing prices stagnation of the produce, she said that the matter of research begins when we realise that a right price is not begotten for a produce. World Trade Organisation (WTO) gives opportunities, which we can utilise and convert into the desired profits, and it makes the markets available to us but we need to know the demand in the market, she added.

The issue of research, however, is to understand our farmer’s role in the supply chain management. The issue of research is that how can the intermediaries in the whole chain – from producers to consumers – be lessened so that the producers can derive maximum profit. She pointedly quoted that there is no doubt on the production capacity of our farmers but is our farmer capable enough of marketing their produce?

It is important to understand the rules of export, which can be done right at the village level like grading of the produce right at the sight of production, packaging etc. she emphasised that in order to do this we do not need any policies. Another challenge is to minimise the wastages so that we can cater to the export market with the surplus produce. And the point is that to ensure this we do not need a government policy. Although our agriculture sector suffers from many Non-tariff Barriers (NTBs) like the technology for rules of origin (RoO), registration/certification for processed food export etc., the challenges are to meet safety and standards.



Dr. Hema Yadav

The importance of research then is on the following two subjects:

- Volume of produce
- International standards

For volume, the group production must be targeted. And for the research on all these issues, the farmer groups need to join together into cooperatives for a better and profitable association.

Some of the important questions that were raised during these deliberations were on the talk of Special Economic Zones (SEZs) in Rajasthan as well as the effectiveness of public private partnership (PPP). Questions were also addressed on the capacity of Indian farmers to reach the international standards to which Yadav said that she does not doubt the capacity of Indian farmers, and what needs to be taken into concern, however is the adoption of Good Agriculture Practices (GAP). She said that in assistance with the agriculture extension centres capacity building of farmers could be ensured through training. The beginning of standardisation will start when the farmers begin to seek information from the traders of the market trends and demands.

The information and awareness equally play a vital role in the whole process. In this context, wheat is a case study on which we need to ponder.

It is important to understand our individual roles to partner in the progress, to diplomatically fizz out our profits, to discuss and debate, to form and act in groups, to understand our responsibility in the democracy and then demand. This is how development can be achieved.

Session 2: Issues Concerning Agriculture and Handloom Sector in Rajasthan

Speakers: Bhagirath, farmer leader; Shri Dharendra, Assistant General Manager (AGM), NABARD; Ankur Khound, ITC; D SRathore, IRM), Anand

Significant issues concerning agricultural growth in Rajasthan, with specific reference to export oriented produce

Bhagirath began with a relatively passive note by stating that he has been hearing a lot about development, the policies but has never seen these things materialising into actions at the grassroots. He stated that participants have gathered here to talk of exports and export potential but the cause of concern is that they are not yet able to fulfil their domestic demands. About 52 percent of oil is being imported and India also imports wheat and pulses. The farmers are puzzled as far as the scope of marketing is concerned.

The policies are made but the after effects are not very encouraging. For example, agro economic zones (AEZs) and food parks have been established in various parts of Rajasthan but there has been a lack of investment on the part of traders due to which the initiative has miserably failed. The AEZs were established separately for garlic, cumin seeds etc., but what has been the result? The benefits of the schemes ultimately are attributed to only 10-12 percent of the upper class farmers and traders. Infrastructure requirements of the markets must be met. He questioned that why farmers are not being educated. Why are they not informed? The marketing system is not established keeping focus on the benefits of the farmers. As far as food processing is concerned farmers have to struggle a lot due to lack of investments.

There is a big talk about organic farming, which involves huge investments in terms of agro inputs. But there have been no efforts to link up traditional farming with the technology. The producers must not be made traders. However, the profit of policies reaches to only 8-10 percent of the trading farmers only. The benefits of subsidy are also encashed by the big farmers only.



Ankur Khound, Bhagirath Choudhary, Pranav Kumar, Sri Dhirendra, D.S.Rathore

Unless the policies are formulated keeping in mind the farmers they are not going to be effective. Besides, Indian economy to a very large extent depends upon the agriculture sector and one calamity like flood or drought causes the disturbance to the whole market. The need is to ensure the protection of the farmlands as well as promotion of good agriculture practices among the farmers.

The role of banking policies and financial institution in bringing pro poor development through export in the agriculture and handloom sector

Shri Dhirendra of NABARD appealed to the participants to see things in the positive frame of mind. He cited the example of the farmers of Punjab who have managed to export vegetables worth Rs 1,000 crore. He briefly explained various initiatives of NABARD in the rural areas like Agriculture Technology Management Agency (ATMA), AEZs and Agriculture and Processed Food Products Export Development Authority (APEDA). In the context of Rajasthan, he informed the gathering that a National Horticulture Mission has been constituted which is to look onto 22 districts of Rajasthan where in the nine lakh hectares of land would be promoted under various schemes of the government. NABARD is to invest Rs 16,000 crore in the state through various schemes of the banks. The need, however, for farmers is to be more informed and this is where CSOs and NGOs can play a major role by generating awareness.

Role of corporate sector in promotion of export of commodities from employment intensive sector, viz. agriculture

Ankur Khound began by explaining the ITC model of procurement. The *e-choupals* act both as centre for buying and selling the produce as well as an information centre

whereby farmers can be armed with the information of all the nearby *mandis* and decide whom to sell and when. In the supply chain of ITC, the intermediaries have been removed thereby ensuring better prices to the producers. In Rajasthan, ITC got into the PPP and has been looking after the development issues of the state in association with partner NGOs like FES. He emphasised that the major problem, which the farmers are facing, is of the remunerative prices, which can be attributed to the unorganised nature of the sector. The farmers are not united and the traders in *mandis* are withdrawing the benefits at the larger end.

D S Rathore brought up the concerns of effective utilisation of available channels at the village level and the need to organise the efforts towards a single direction. With respect to the handicraft and handloom sector, the weavers of *kota doria* expressed their concerns over the marketing and lower wages to the weavers.

Session 3: GRANITE Phase 2: What, Why and How?

This session encapsulated the overview of the GRANITE Project Phase 2, the methodology to be used in conducting the research and advocacy meetings, the role and importance of various stakeholder groups, etc. The session also served as a platform for debate over the choice of commodities on which the research can be carried out in the 2nd and 3rd year of the project. The farmers suggested the cumin seeds could be one of the possible commodities.



A weaver displaying kota doria product

In the end the workshop culminated on a very positive note by bringing to fore not only the challenges which the farmers and weavers have to confront but also informing them of the opportunities that lie ahead for them. The group seemed much more intrigued with the information and excited enough to share their learning with their counterparts.