

# BRIEFING PAPER

## Learning through GRANITE

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The project, Grassroots Reachout & Networking in India on Trade & Economics (GRANITE) with a prime focus on agriculture and textile & clothing (the two important livelihood sectors for a large section of the Indian population), was aimed at:

- understanding the impact of trade and globalisation on the livelihoods of people at the grassroots;
- creating awareness and empowering the local level stakeholders to deal with the challenges of globalisation;
- bridging the divide between policy-makers at the top and people at the grassroots; and
- creating alternative avenues for utilising opportunities brought about by the free trade regime under the WTO.

The specific purpose of the project was to:

- improving the knowledge of the stakeholders on the changes brought about by the WTO regime in the context of globalisation;
- ascertaining their perceptions about globalisation and its impact on their livelihood concerns in order to develop structured mechanisms to feed the grassroots demands into the policy domain;
- making trade policy more transparent, and accountable;
- sensitising media on trade matters and impact of globalisation and use media as an important medium of communication in trade policy advocacy;
- familiarising villagers – both farmers and textile workers – with the modern technology and alternative and better marketing avenues; and
- networking and capacity building of partner and grassroots CSOs.

The GRANITE project was implemented for a two-year period between 2005-2006 in eight Indian states, viz. Andhra Pradesh, Karnataka, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal in partnership with the following grassroots civil society organisations (CSOs):

- Andhra Pradesh: Consumer Guidance Society, Vijayawada
- Karnataka: Consumer Research, Education and Awareness Trust, Bangalore
- Maharashtra: Samarthan, Mumbai
- Orissa: Centre for Youth and Social Development, Bhubaneswar
- Rajasthan: CUTS Centre for Consumer Action, Research & Training, Jaipur
- Tamil Nadu: Citizen consumer and civic Action Group, Chennai
- Uttar Pradesh: Network for Entrepreneurship and Economic Development, Lucknow
- West Bengal: CUTS Calcutta Resource Centre, Calcutta

These partner organisations were chosen because of their grassroots experience and in some cases, their long experience in partnering with CUTS on consumer issues. During the course of this project, these CSOs further engaged with other grassroots non-governmental and community-based organisations to develop the capacity of grassroots organisations. In addition, GRANITE partners also lobbied the state-level (sub-national) officials on the need for proactive policy response with regard to the impact of the process of globalisation and the WTO. They were also involved in sensitising the local media about the impact of globalisation on livelihoods and using them as a conduit to create awareness and information dissemination.

CUTS Centre for International Trade, Economics & Environment (CUTS CITEE) was the nodal agency for implementing the GRANITE project in various states in active collaboration and participation with the state partners.

In this paper, some key messages that have emerged from the GRANITE experience at the grassroots in eight Indian states are documented. It also captures the “Positive Impact” and “What if Not” related to each of these messages in order to substantiate their importance.

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## Information is the key to empowerment

Policies of trade liberalisation reinforced by globalisation and WTO free trade regimes have brought about a fundamental transformation in the agriculture and textile sectors of the Indian economy on which large sections of the Indian population are dependent for their livelihood. However, awareness about the new regime and policy changes is quite low, making people ill-prepared to deal with this fundamental transformation.

Hence, information dissemination about the changes in policies – both at national and international level, as well as their likely impact on livelihoods is essential.

People need to be made aware of the costs as well as opportunities thrown up by globalisation to enhance their livelihood chances. This would include information about the available exporting opportunities, potential for exporting a particular produce, specific quality and packaging requirements in different exporting markets, economics of exports, competition in the markets, etc. Such information must be imparted on a regular basis to enable people make informed choices towards enhancing their economic well-being.

Adequate and effective information dissemination networks at the grassroots should be institutionalised in active partnership with grassroots civil society organisations.

Positive Impact	What if Not
<p>In Maharashtra, some farmers after having acquired the technical knowledge of dry land farming as well as quality requirements (such as size, pesticide-residue level in the fruit) in the export markets were able to produce quality pomegranate and thereby benefit from exports.</p> <p>Similarly in the case of Tamil Nadu, certain farmers with the help of information awareness through NGO's in their towns and districts have been able to change the cropping pattern from food crops to plantations/orchards to prevent crop failure and also reap the benefits of a demand for horticulture products in both the domestic as well as the international markets.</p>	<p>In contrast, due to lower levels of awareness about quality requirements in the exports markets, only a fraction of the international market demand can be met in the case of pomegranate, grape and vegetable in the state of Maharashtra.</p> <p>Also, lack of information about certain labelling requirements such as the "Handloom Mark" in Tamil Nadu has put the handloom weavers at a disadvantage, as they have not been able to utilise this as a comparative advantage over the power loom sector from which they face significant threat.</p> <p>In the case of Shantipur of Nadia district in West Bengal, which produces <i>tangail sarees, lungis, brocade work, cotton</i> as well as silk items like scarves, stoles, lack of information about export market requirements limits export potential.</p> <p>In Karnataka, people were not aware of the structural changes that have taken place in the power sector. Also, due to the lack of adequate information, people are unaware of the establishment of regulatory commissions and public hearings etc.</p>

## Alternative marketing and micro-credit mechanisms should be effectively operationalised

Better marketing avenues, loans and micro-credit are mandatory to weed out the menace of the middlemen, agents and brokers. Direct marketing channels should be institutionalised so that producers can sell their produces directly to the customers and reap full rewards for their toils.

Positive Impact	What if Not
<p>In Ghumar Panchayat of Koraput district in Orissa, majority of farmers are small, marginal or sharecroppers. They have, however, benefited immensely from the Self Help Groups (SHGs) led micro-credit initiative through which loans are available at an interest of 1.50 percent per month against that of 3 percent from Large sized Agriculture Multi-Purpose Cooperative Societies (LAMPS) and 5 percent from local moneylenders.</p> <p>Mango farmers in Uttar Pradesh formed a producer group and with the assistance of the GRANITE team, were able to open a counter for mango procurement and export it to other countries after contacting State Fruits and Horticulture Board's office. Later the GRANITE coordinator in UP along with a state level agricultural officer explained to them the route of direct marketing, particularly through wholesale market and Kisan Call Centre as also for seeking information on prevailing market prices. This enabled them to market their produce well and they are now receiving good prices for their products. Earlier the perpetuating malpractices on the part of middlemen and brokers were leading to the exploitation of mango farmers.</p> <p>Similarly, in Tanjavur district of Tamil Nadu, farmers have benefited from the direct procurement as they fetch better prices and farmers have the option of arriving at a fair price through a process of consultation with government officials.</p>	<p>In contrast, in Hemgir block of Sundargarh district in Orissa, farmers produce high quantity of ginger but due to lack of marketing support and storage facility, they sell their produce at a cheaper price to the middlemen.</p> <p>A large number of farmers and weavers in Tamil Nadu are dependent on the co-operative societies for the supply of inputs and marketing of their finished products. However, most co-operative societies are dysfunctional and running heavy losses. This decade-old trend has not seen any systemic state intervention causing negative impact on livelihoods.</p>

## Lack of modernisation and poor infrastructure are areas of concern

*Lack of modernisation, poor infrastructural facilities and under-utilisation of existing resources are some of the major problems plaguing agriculture as well as textile industries. This includes lack of adequate and equitable irrigation system, poor availability of high yielding variety (HYV) seeds, high pesticide costs in agriculture and poor availability of raw material, limited innovation and product diversification in textiles. Problems of rural electrification, transport and communication networks, etc. permeate both sectors, thereby limiting possibilities of expansion and growth. Without technological upgradation, modernisation and sound infrastructure, opportunities cannot be utilised.*

Positive Impact	What if Not
<p>In Karnataka, during the discussions at the GRANITE meetings, it was observed that farmers and textile manufacturers were facing the problem of good infrastructure facilities. In one meeting vegetable and fruit growers felt that lack of storage and transportation facilities lead to loss of their products. The details of the Horticulture Mission was deliberated upon, which helped the farmers.</p> <p>In Alipurdoar in West Bengal, technical support and knowledge about new techniques has helped the growth of horticulture sector, especially pineapple.</p> <p>Similarly, in Tamil Nadu, innovative techniques like dew/moisture harvesting have reduced the pressure on ground water extraction. Also, as a response/solution to the pressures of chemical farming, some farmers have shifted to organic farming after acquiring required know how from experts.</p>	<p>The lack of cold storage facility in Hemgir block of Sundargarh district in Orissa has forced the farmers to sell their crop of ginger at throwaway prices to the middlemen.</p> <p>Similarly, in Safa Panchayat of Cuttack district in Orissa, due to the absence of proper irrigation facility, cost of irrigation has gone up substantially.</p> <p>In the Nimbahera block in Chittorgarh district in Rajasthan, the farmers sell their produce in different districts of Madhya Pradesh through middlemen due to lack of infrastructure within the state and high transportation costs involved.</p> <p>Similarly, the silk weavers of Kanchipuram in Tamil Nadu are plagued by the lack of quality gold zari and also fluctuation in gold prices. The poor performance of the Tamilnadu Zari Limited has forced the local producers to procure zari from Surat, which increases their cost of production.</p>

## Structural changes in the policy apparatus are essential to make it more participatory

*In order to make effective policy interventions, the process of policy formulation needs a complete revamp. This would include operationalising a decentralised policy-making apparatus and local inputs in the policy structures for meeting local requirements. Instead of making an umbrella all-India policy, context/regions-specific policies must evolve along with structured grassroots inputs into the policy-making apparatus. Also, special focus should be placed on the needs and requirements of small and medium farmers, weavers and handloom workers, as well as women and the marginalised sections in the policy planning mechanisms.*

Positive Impact	What if Not
<p>In the Surwal village in Sawai Madhopur district in Rajasthan, changes in the policy apparatus such as the Kisan Credit Card has proved to be beneficial for the farmers.</p> <p>Similarly, some structural shift in policy-making apparatus in the case of West Bengal promises to accrue tangible gains for the producers. Here, due to the advocacy done by CUTS-CRC under the GRANITE Project and the Balia Bio Agro Mission in West Bengal, the Government of West Bengal has started a separate Organic Wing within the Department of Agriculture from the financial year 2006-2007 to promote organic farming. This is expected to garner better access and market share in the growing international market for organic products.</p> <p>In Tamil Nadu, during the formulation of the 11<sup>th</sup> five-year plan, the Planning Commission of Government of Tamil Nadu conducted consultations with the stakeholder groups in different districts to collate their views and objection to the policy prescriptions in the draft 11<sup>th</sup> five year plan in order to widen the base of the decision-making apparatus.</p>	<p>The state of Andhra Pradesh as a whole has a number of agro-products including mangoes, turmeric, aqua products, chillies and grapes. However, the government does not have any targeted export policy, as a result of which groundnut, tobacco and chilly farmers have borne heavy losses.</p> <p>The state distribution network for seeds is extremely inefficient. In Orissa for instance, whether it is Koraput or Sundargarh district, seed never reaches at the block offices in time. Even if seed reaches in time, farmers do not get the information as a result of which production suffers.</p>

## State intervention to build adequate safety nets to deal with the challenges of globalisation is vital

*A proactive state intervention is the key to unlocking the benefits of globalisation is one message that resonates from GRANITE activities across all states.*

*State intervention in creating infrastructure facilities and investments in modernisation is fundamental to reviving both agriculture and textiles. Government support for research and development in these sectors along with training and skills generation, and dispersal of new and modern methods of production is essential. Further, these efforts will bear little fruit unless complemented by State-led initiatives to making finances available on easy terms, as also adequate insurance schemes and social security nets.*

*Globalisation and open markets under the WTO can deliver positive outcomes only when necessary corrective and regulatory mechanisms are mediated through the State apparatus.*

Positive Impact	What if Not
<p>In the districts of Karnataka, there was a notion that policies regarding trade, globalisation and WTO are made by the Centre and States were not involved. It was believed that States and other stakeholders do not have a role to play. However GRANITE showed that even a villager has a role to play and can influence the policy making structure at the local and regional level.</p> <p>Similarly, Agriculture Department's extension programme including soil testing, village agricultural worker's visit to villages and exposure training of farmers under GRANITE, though small in numbers, have helped the farmers of Hemgir block of Sundargarh district in Orissa to a considerable extent.</p> <p>Similarly in Rajasthan, like in many other states, awareness about Minimum Support Price mechanism has helped the farmers.</p> <p>In Tamil Nadu, knowledge of a government led labelling initiative – the "Silk Mark" (to identify genuine silk products from counterfeit products), promises to benefit silk producers.</p> <p>Similarly, in Puruliya district in West Bengal, information of subsidy of 50 percent provided on the pesticide spraying machines has benefited small and marginal farmers considerably.</p> <p>In Chanchal in Malda district of West Bengal, training imparted by the Horticulture Department to prevent various diseases in the cultivation of the vegetable plants has been effective and useful for the farmers.</p>	<p>In Orissa, the plan outlay for agriculture and allied activities has come down from 3.75 percent during the 9<sup>th</sup> Plan to 1.25 percent during the 10<sup>th</sup> Plan period. Similarly, gross capital formation in agriculture and allied activities has come down from 13 percent in 1960-61 to 9.4 percent in 2000-01. Public investment for gross capital formation has also declined from 13 percent to 11.2 percent during the same period. Such declines have resulted in a negative growth rate of - 1.57 percent in food grain production from 1996-97 to 2003-04.</p> <p>In the case of Andhra Pradesh due to the skeletal presence of State lab facilities for seed testing and an absence of institutionalised regulation of private seed production, cotton farmers face problems of spurious seeds which threaten the livelihoods of farmers and have been cited as the main causes of rising incidences of farmers' suicides in Warangal.</p> <p>In Tamil Nadu, many textile parks to promote both handloom and power loom products have been set up but effort has not been made for the stricter enforcement of the Handloom Protection Act which would ensure that handloom products do not face unfair competition from power loom.</p> <p>Similarly, due to lack of proper government policy, the Laksha cultivation in Puruliya in West Bengal could not develop adequately. The non-availability and high price of seeds for the cultivation of these trees are the major problems. The farmers in certain areas are trying to develop their own seeds but in the absence of government support, it is an uphill task.</p>

Based on the experiences in eight Indian states, these key messages reflect the grassroots viewpoints with respect to globalisation in the specific sectors of agriculture and textiles. Most of these messages (for instance need for a participative policy-making process) do not have their immediate roots in the process of globalisation but the process of globalisation has nevertheless made them imperative. The supporting and contrary examples with respect to each message reflect both the opportunities and challenges thrown up by globalisation and the new multilateral trade regime under the WTO. More specifically, it highlights the costs associated with inertia and also the benefits accrued as a result of certain proactive initiatives even if they appear to be minor and implemented at a smaller scale.

It is hoped that these messages will be instrumental in charting out a more informed policy-making process on the issues of trade and globalisation in India and in the process bring about a more meaningful intervention at the grassroots for the benefits of large sections of the Indian population.

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