

Grassroots Reachout and Networking in India on Trade and Economics (GRANITE)

Report of the Andhra Pradesh State-level Inception Workshop – Phase II Hyderabad, December 22, 2007

The GRANITE project being implemented by CUTS (Consumer Unity and Trust Society) in eight Indian states is a two-year project (beginning from January 2005) aimed at capacity building of civil society organisations (CSOs), the media, grass roots groups, government officials, etc., to address complex issues of globalisation and the World Trade Organisation (WTO) and their relationship with economic development and governance in India.

Consumer Guidance Society, Hyderabad, project partner for Andhra Pradesh, to launch the phase II of the project in Andhra Pradesh, organised a daylong meeting in Hyderabad, on December 22, 2007. The meeting began with an inaugural session chaired by M. Kodanda Reddy, Chairman, Andhra Pradesh Congress Kisan and Mazdoor Cell, and addressed by Ch. Divakar Babu, D. Narasimha Reddy, N. Raghuvveera Reddy, Minister for Agriculture, and Vadde Shobanadreshwara Rao, former Minister for Agriculture. This was followed by discussions on the National Foreign Trade Policy (NFTP), focusing on agriculture products with implications for Andhra Pradesh. The participants included farmers, officials, exporters and NGOs. The meeting was attended by more than 60 invitees, including women, resource persons from the local media, representatives of CSOs, research institutions, grassroots groups and academicians.

Objectives

1. Gain an understanding of the NFTP 2004-09;
2. Share and discuss views on the issues and challenges in agriculture in Andhra Pradesh and gain different perceptions on these issues;
3. Discuss problems and challenges related to agricultural products such as mango, grapes, livestock, marine and other products;
4. Develop a plan of action to increase awareness on, and interest in, the above issues, so as to ensure more people-friendly NFTP and relevant measures at the state level;
5. To understand general market practices in the agricultural markets; and
6. To identify government initiatives and policy issues in terms of promotion, taxation and legal framework, specifically for the agriculture sector.

Issues

It was planned the workshop would discuss the following issues:

- NFTP, its objectives and implementation;
- Need for farmer organisations to actively participate in the process of policy formulation and recommendation;
- Role of CSOs in influencing the policy preparation and implementation;
- Discussions on the NFTP implications on agricultural production in Andhra Pradesh;
- Exports and imports from Andhra Pradesh; and
- Infrastructure for exports and imports.

Key Addresses in the Workshop

Ch. Diwakar Babu

He explained the project objectives and painted discussed the necessity of such a project. He said the discussion has to be dispassionate and objective to bring about opportunities and threats before the public review, for optimal response.

D. Narasimha Reddy

He presented an overview of the agricultural marketing in different phases, the NFTP and what it says in relation to agriculture. A copy of his PowerPoint presentation was circulated in English, as also a brief note. However, his oral presentation was done in Telugu.

He delineated the framework in which agricultural products are being marketed and traced the contours of policy intervention. He criticised the NFTP for being unimaginative in responding to the needs of agricultural marketing. Equally, there is complete lack of awareness about agricultural products in the NFTP and its intent to help the sector.

His presentation included the issues of rising production costs for the farmers and how the market dynamics ensure that farmers do not get proper prices. His suggestion was to promote organic farming, which would decrease production costs, as well as make farm products attractive in the markets. Reddy said the focus of the government, through legal instruments and policies, is on decreasing the rising production cost.

He said there is not much focus at the government level on agricultural marketing in the state. The institutional framework is pretty weak, the information and knowledge is also completely low and there is no specific policy as well. Specifically, he suggested the following:

- Crop-wise, or product-wise analysis;
- Institutional review;
- State Trade Policy;
- Strengthening legal framework; and
- Public-owned market intelligence system.

N Raghuvveera Reddy, Minister for Agriculture

Referring to several points made by D Narasimha Reddy, he said there is a need for integrated thinking on agriculture and agricultural marketing. He stressed the need to increase public investment in agricultural production. The government has been focusing on irrigation, provision of power and minimum support price. However, he said agriculture would survive only through proper marketing mechanisms. He said the agro-processing industry has to be encouraged to enhance the value of agro-products. He declared that the government would explore the possibility of setting up a separate agro-processing department to enable this.

He wanted the participants to discuss various issues and come up with suggestions. He promised closer attention to these suggestions by the government.

V Shobhanadreeshwara Rao, Former Minister for Agriculture

He agreed that production costs have to be reduced. He cited the example of how the present state government fought with Monsanto and was successful in reducing the Bt cotton prices. He also appreciated the investment in irrigation.

Rao observed that while agricultural exports from India rose from a mere 0.5 percent to 0.6 percent in a period of six years, they rose from 0.6 percent to 0.7 percent in mere three years. He wanted agricultural exports to increase to benefit the farmer. Rice exports have to be encouraged. The current ban is absurd and is hurting the farmer. Andhra Pradesh, as a predominantly agricultural state, has many advantages and opportunities. But, this requires lot more policy focus and a slew of measures. Importantly, he said soil health has to improved for higher productivity.

Due to labour problems, sugar cane farmers and most other farmers are also suffering. Farm mechanisation should be encouraged, at least in cooperatives. Sugar harvesting, through mechanisation, would ease the current problems of farmers.

He said there is a need to increase subsidies for Indian agriculture. Subsidies in the US and Japan are high, putting our products at disadvantage. Within the WTO agreement, we have scope to increase our subsidies.

M Kodanda Reddy, Ex-MLA and Ex-Minister and Chairman of Andhra Pradesh Congress Kisan and Mazdoor Cell

Kodanda Reddy said more such workshops have to be organised to bring together farmers and policy makers together.

Highlights of the Discussions

V Sraman, Jt. Director General of Foreign Trade

Sraman was happy that CGS has undertaken this effort to bring together farmers on the important issue of the National Foreign Trade Policy. He said in their work usually they do not come across farmers and farming.

He explained the two important schemes in the NFTP pertaining to agriculture: *Vishesh Krishi and Gram Udyog Yojana* and ASIDE. Through ASIDE, agricultural export zones are being set up. In AP, four such AEZs have been approved. He informed the participants that the investment return from the AEZs has been very high and satisfactory. Sraman said one needs to give a closer look to exports and imports as well. There are number of issues related to trade and lot more is being discussed at the WTO level. He said the Director General of Foreign Trade (DGFT) is making efforts to increase trade from India.

T R Shanmukha, Consultant on Fruits and Vegetables

He wanted the government to invest in primary processing, to remove the perishable nature of most agricultural products and also packaging and grading. There is enormous scope for involving farmers in primary processing. Cooperative marketing needs to be encouraged in primary processing. Secondary processing requires industry and industrial investment.

Arun Kumar, Director, Horticulture Development Agency

He explained the various schemes available under National Horticulture Mission. Kumar wanted farmers and exporters to utilise these schemes and funds to increase agricultural trade and enhance horticulture opportunities.

Other Information

A roundtable enabled participants to share their viewpoints on various problems and suggestions. These suggestions have been compiled and forwarded to the Minister for Agriculture, N Raghuvendra Reddy, who promised to scrutinise them and do necessary follow-up.

Recommendations and Suggestions made at the Workshop on "National Foreign Trade Policy – Opportunities and Challenges for the Andhra Pradesh Agriculture Sector", organised by Consumers' Guidance Society, Vijayawada in Hyderabad, on December 22, 2007.

1. **Public investment in agriculture sector should be enhanced, with special focus on reducing input costs and development of infrastructural facilities.**
2. Steps should be initiated to reduce input and incidental costs and enhance productivity of crops in order to make agriculture a profitable activity.
3. All the necessary infrastructural facilities for promoting exports of agro-products should be created on a war footing and funds earmarked for this purpose by the Central Government should be fully tapped by the state government.
4. **Farmers' co-operatives should be encouraged and nurtured for promoting export of agro-products.**
5. Information and facilitation centres should be established in every district for ensuring easy accessibility of information to farmers about the opportunities available for export of their agro-products, functioning of such markets and also for providing necessary technical support.
6. **Sincere efforts should be initiated for developing agriculture marketing as a separate discipline and for producing an appreciable number of para-agricultural marketing experts at the Mandal level.**
7. Storage and viable transport facilities should be created and developed for mitigation of unnecessary wastage.
8. Subsidies on agriculture should be increased in a manner compatible with WTO guidelines.
9. The farming community should be made aware of the functioning of CACP and the parameters governing the price fixation mechanism adopted by it.
10. Laboratories and other ancillary facilities should be established to meet the export standards and parameters for agro-products.
11. Farmers should be made aware of the international quality standards and parameters, including the quality prevailing in importing countries, in order to obviate rejection of export consignment of agro-products on sanitary and phyto-sanitary grounds.
12. Private agricultural market with active participation and management of farming community should be promoted and encouraged in order to engender competition between government-run and managed agro-markets and private agro-markets.
13. **Effective and viable legal framework should be put in place for ensuring sound functioning of agricultural markets.**
14. State-specific agro-business policy should be formulated and implemented. State policy for each crop, area-wise should be devised. The government has to undertake crop-wise or product-wise analysis for developing options and recommendations for sustainable policies and schemes.
15. Designing and development of indigenous agro-machinery and implements should be promoted at affordable prices.

16. All restrictions and prohibitions on the export of agro-products should be lifted and waived.
17. Horticulture farmers should be imparted training in plucking and preservation techniques in order to reduce avoidable wastage.
18. Crop-specific plans should be devised much in advance, based on all the pertinent data for promoting exports.
19. Minimum support price should be fixed, based on the input and all other costs of production and also to ensure a reasonable appreciation to the farmer.
20. Farmers should be imparted training for achieving higher productivity of crops.
21. AEZs should be established with active participation and involvement of the farming community.
22. **Inter-state Trade Council should be revived and rejuvenated with the active involvement of all the stakeholders.**
23. Irradiation and/or vapour treatment plants should be established in mango-growing areas for promoting export of mangoes.
24. Value addition process in regard to primary agricultural products should be tapped to the fullest extent.
25. **A separate ministry/department should be created for promotion and development of agro-processing industries.**
26. Farmers at the ground level should be made aware of the opportunities available to them for their produce in international markets and the procedures and practices governing them.
27. Steps should be initiated for reducing various transaction costs involved in the export of agro-products.
28. A separate sub-policy should be designed, based on the grassroots reality within the NFTP for promoting export of agro-products and rural employment and development.
29. Agricultural export promotion councils should be promoted and established.
30. Information about medicinal plants should be arranged and preserved in an authenticated data base system and exploitation of such plants for industrial and commercial purposes should be allowed on benefit-sharing model between the farmers and entrepreneurs.
31. Farmers should be imparted training on the changing quality standards and parameters of agro and food products in international markets.
32. There should be an effective and foolproof regulatory mechanism over the seeds, fertiliser and pesticides, with informal and expeditious redressal mechanism, to ensure easy access of justice to aggrieved farmers.
33. To ensure remunerative price for sugar cane, a higher percent of sugarcane should be allowed for ethanol production and States should lobby with the Central Government for a favourable policy change in this regard.
34. Better and viable marketing facilities should be developed for the marketing of medicinal plants.
35. **The State should tap resources, concessions and benefits provided by the Central Government under various schemes and plans for promotion of infrastructure and marketing information facilities for engendering exports, including Assistance to States for Infrastructural Development for Exports (ASIDE), under the NFTP.**
36. Liberal support should be provided for establishing pack houses/cold storage centres for fruits and vegetables.
37. Value Added Tax (VAT) should be withdrawn on fertilisers and pesticides.

38. Land should be allocated on main roads for establishing cold storage for export of fruits and vegetables. Unemployed youth from disadvantaged sections can be identified to become cold storage entrepreneurs.
39. Subsidy for machinery and implements should be provided.
40. Policy guidelines for establishing vineyard/winery in line with neighbouring States like Maharashtra and Karnataka should be formulated.
41. **Creation of grievance cell by the state government to deal with issues in export of agricultural produce.**
42. Export subsidies should go to farmers directly.
43. **Organic farming should be promoted extensively and widely.**
44. Awareness programmes among farmers should be taken up at the district level as well. The government should collect opinion from farmers on what they want.
45. The government had encouraged farmers to grow medicinal plants, but now they are left in the lurch about marketing. This situation needs to be addressed.
46. The tie-up between primary processor and product manufacturer (who uses this material in products) in medicinal and aromatic plants should be done.
47. Mandal-level horticulture officer should be appointed to help farmers producing horticulture varieties.
48. **Soil health improvement has to be focused on for higher productivity.**
49. Sugar harvesting should be encouraged through farm mechanisation at the community level. It might be expensive for individual farmer.
50. Rice exports have to be encouraged, without compromising food security.
51. Agricultural subsidies in US and Japan are very high. In India, presently, subsidies are about 2.7 percent. We can increase subsidies up to 10 percent.
52. Agri Export Zones (AEZs) have to be encouraged, given that the investment returns from the present AEZs in the State have been very high.
53. The Government should invest in primary processing, primarily to remove perishability of the produce, packaging and grading of the produce. O&M can be done through co-operative marketing structures. Farmers need to be involved in primary processing as well.
54. Secondary agro-processing should be encouraged as an industry.
55. Farmers should be given O&M training on drip irrigation and other technical aspects.
56. Farmers producing 'Usiri' in Kandukur area of Prakasham District need information about how and where to market their product.
57. An institute, called **AP Institute for Agricultural Marketing**, should be established. This institute should be able to research and capacity building on agricultural marketing in the State.
58. Widespread awareness programmes should be taken up among farmers on agricultural market linkages by involving NGOs.
59. Training and educational courses have to be introduced on agricultural marketing at Polytechnics and other vocational centres.
60. **Develop a pool of agri-market professionals, through the above mechanisms.**
61. Information databases on markets and marketing of agri-products have to be created at district and state levels.
62. Pesticide Residue Monitoring Labs have to be established at mandal levels.
63. The government should declare agri-produce clusters such as tomato (in Madanapalli), cotton (in Warangal), mirchi (in Macherla area) and initiate capacity building programmes for farmers, infrastructural facilities at village level (transport, roads, cold storage plants, etc.) and small agro-processing facilities.

64. Review has to be done of agricultural institutions and departments in the State, in order to improve their efficiency, identify gaps in institutions and develop an action plan for institutional support.
65. **An AP State Trade Promotion Policy on agro-products has to be developed.**
66. Legal framework with regard to input costs and quality has to be strengthened, especially related to seeds, pesticides, fertilisers, power, water and labour.
67. A public-owned market intelligence system has to be developed across the State.