Making Things Happen

CUTS International

"Encouraging dialogue with the grassroots" — a quarterly newsletter on "Grassroots Reachout & Networking in India on Trade & Economics" (GRANITE)

No. 2/2006

National Commission on Farmers

The first-ever National Commission on Farmers (NCF) was set up in the year 2004 to review the status of agriculture and to assess the conditions of different categories of farmers in various regions. Dr. M S Swaminathan, an eminent agricultural scientist, heads the NCF.

The NCF was set up to identify factors responsible for imbalances and disparities and suggest steps to achieve sustainable and equitable agricultural development. It intends to recommend policies, programmes and measures for accelerated and diversified agricultural development to alleviate rural poverty and impart viability and attractiveness to farming as a remunerative and rewarding profession.

The Hindu Business Line

The Commission proposes to address the issues of farm technology and input delivery mechanism and suggest a farmer-friendly framework for the extension of new technologies such as agri-biotechnology and climate forecast applications with use of tools such as remote sensing technology, information technology and communication technology.

The Commission calls for the development and introduction of a 'livelihood security package' for farmers by providing them technology choice according to agro-ecological conditions and market demand; soil health enhancement and water conservation; quality and affordability of inputs; credit and insurance and market tie-up, besides necessary health care facilities linked with the National Rural Health Commission.

It intends to come out with a strategy for achieving a four percent growth rate in agriculture through a mix of technology, credit, insurance and marketing support and knowledge connectivity, besides various asset reforms, land reforms, and adoption of cooperative and other types of group farming measures to ensure power and economy of scale to farmers with smallholdings.

National Policy for Farmers

The Commission has already submitted four reports related to improving agriculture. It has also prepared a draft national policy for farmers. This is to give an all round boost to agriculture by providing them advisory, technical, farm credit and marketing services so as to bring them out of the various problems that they are facing in the present day situation and at times are forced to commit suicide. The Draft National Policy for Farmers along with the Fourth Report of NCF has been presented to the Union Agriculture Minister by Chairman and Members of NCF on April 13, 2006.

The mission of the NCF is to maintain the human dimension in all farm policies and programmes and to give explicit attention to issues relating to women in agriculture. The policy stresses on increasing farmers' incomes, livelihood, nutrition and health security of farm and fisher, tribal, pastoral and agricultural labour families.

Till now, there has been no well-defined policy for farmers. When finalised and adopted, this policy for farmers would be the first of its kind in the history of Indian farming. The Commission would submit its second draft of national policy for farmers to the Union Government in October 2006.

The NCF had already started holding regional consultations with over 22 State Governments, various farmers' organisations, women's organisations, other stakeholders and representatives of the mass media. The process would continue till the finalisation of the second draft of the policy. This would be on the basis of these discussions, inputs, advice and suggestions that the draft of National Agriculture Policy would be revised.

Dr. Swaminathan said that the process of meeting farmers and administrators in different States was on and termed the policy on farmers as an effort to improve the lot of the "People behind the plough".

NCF has also invited suggestions/ comments on the Draft National Policy for Farmers in order to stimulate a public debate and achieve consensus building. These suggestions would be duly considered before preparation of the Final Report of the NCF in October 2006, which would include the second draft of the National Policy for Farmers.

INSIDE

CUTS Centre for International Trade, Economics & Environment

CUTS-CITEE

Email: citee@cuts.org

Website: www.cuts-citee.org

With the support of

Royal Norwegian Embassy, New Delhi & Oxfam Novib The Netherlands

Strategy for Agriculture

Prime Minister Manmohan Singh outlined a seven-point strategy to usher in a second green revolution in the country. This includes revamping extension services, introducing new plant technologies, conserving soil health, easy credit delivery, water conservation, scientific animal husbandry techniques and new investments through public-private partnership (PPP).

Delivering his valedictory address at the conclusion of the three-day international conference on agriculture for food, nutritional security and rural growth in New Delhi, Dr. Singh expressed concern over bureaucracy in agricultural extension services. He said bureaucratic hurdles have to be stopped to revitalise our extension services.

The agriculture credit system has to respond to the needs of the farmers, and a greater PPP is required to help revitalise public institutions and programmes, Singh said. *(FE, 28.05.06)*

Improving Agricultural Research

While the importance of agricultural research in paving the way for second green revolution is well known, agriculture today suffers from lack of funds and low productivity. Not only is the investment intensity in agricultural research and education (R&E) low, the share of states in R&E funding has been falling, though private sector participation in the share of funding has increased dramatically.

An appropriate credit delivery system for farmers and efforts to improve productivity of farms should go hand-in-hand, C Rangarajan, Chairman of the Economic Advisory Council to the Prime Minister said. He said that the linkage model of the micro-finance programme promoted by National Bank for Agricultural and Rural Development (NABARD) could be thought of for replication. This could extend more credit to marginal and sub-marginal farmers. *(ET, 10.05.06; TH, 10.04.06)*

Free Import & Export

The government is considering the possibility of freely importing and exporting foodgrains. It will, however, depend upon the demand and supply situation in the country. "In the context of food security in the country, a particular view that we need to freely import and export food-grain depending on the demand and supply situation is fast gaining ground", said Food and Agriculture Minister, Sharad Pawar while inaugurating a national seminar organised by Commission for Agricultural Costs & Prices (CACP). He also added that this is a rational suggestion in a liberalised and open global economy and it should be assessed whether there is enough availability of grains, namely, wheat rice and pulses, for trade in the world market. However, the minister said that in the world market, there was limited availability of rice and pulses. *(FE, 03.06.06)*

Embarking Contract Farming

The Orissa Government has decided to embark on contract farming. This will be done for crucial crops like cotton and oilseeds from the 2006-07 *rabi* season. The State Government proposes to sign an agreement with the National Agricultural Marketing Federation of India (NAFED) to start contract farming in some identified areas. The State Government has requested Cotton Corporation of India to get involved in contract farming in 2000 hectares of land.

In Maharashtra, contract farming will get the much-needed impetus. This is following the passage of the Bill to amend the Maharashtra Agricultural Produce Marketing (development and regulation) Act. The Bill is aimed at providing a viable means of marketing agro produce to farmers. The Government claimed that contract farming would boost food processing and export of agri produce. *(FE, 21.04.06 & 05.06.06)*

National Policy for farmers

The NCF has recommended formulation of a comprehensive national policy for farmers. This is to give an all-round boost to agriculture by providing them advisory, technical, farm credit and marketing services. Commission chairman M S Swaminathan presented the fourth report to the Union Agriculture Minister Sharad Pawar. The draft statement calls for mainstreaming the human dimension in all farm policies and giving explicit attention to issues related to agriculture. It underscores the need to end the era of farmers' suicides and to restore pride and confidence in farmers and farming.

The Commission calls for the development and introduction of a 'livelihood security package' for farmers. It has also called for a 'Rural Non-farm Livelihood Initiative'. This would be in forms of agri-business centres, food parks and other rural non-farm employment programmes by restructuring agencies such as the *Khadi* and Village Industries Commission. *(TH, 15.04.06)*

Food Development Bank

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) has proposed setting up of a food development bank. It can lend to small farmers at concessional rates. The chamber argues that this will help the food processing industry, as its access to institutional finance for term loans and working capital requirement continues to be restricted.

In a paper on 'Indian Food Processing Industry' submitted to the government, the chamber has suggested that the proposed bank be set up as an autonomous body so that farmers are given loans expeditiously. The chamber has also suggested further strengthening backward linkages between the processing industry and the farmers, existing institutions, local bodies, co-operatives and self help groups (SHGs).

There is an equally urgent need to develop forward linkages of farmers and processors with consumers to remove intermediaries and reduce high cost to the consumer and low returns to farmers and processors. *(BL, 04.06.06)*

Employment Potential in Textiles

According to a recent Confederation of Indian Industry (CII) study, the textile industry has the potential to create 50 lakh new jobs. It is all set to become a US$40-50bn industry by 2015 in Tamil Nadu. The study was on 'Mapping of Human Resources Skills in Tamil Nadu 2015'.

The study identified textiles as one of Tamil Nadu's high growth sectors, projected to grow at a compound annual growth rate (CAGR) of 12-13 percent. The study also noted that Tamil Nadu is home to more than 40 percent of the large and medium-sized spinning mills in India. Besides, it enjoys leadership position in spinning, weaving, knitted fabric and apparel segments. *(ET, 14.04.06)*

Reforms in Textiles

Another round of policy reforms in the textile sector is awaiting green signal from a sub-group of ministers. The group comprises commerce minister, textile minister, labour minister, chief ministers of states and trade unions. Proposals under consideration include increasing work shifts from nine hours to twelve.

It is expected that the government may soon announce another round of policy reforms in textile sector. Other proposals under consideration include keeping fabrics out of value-added tax (VAT) regime, providing state and local taxes refunds to exporters and setting up a separate power tariffs regimes for export facilities. *(ET, 26.05.06)*

Integrated Textile Parks

The United Progressive Alliance (UPA) Government at the Centre would set up 25 integrated textile parks across the country, announced Union Textiles Minister Shankersingh Vaghela. This is to increase competitiveness in the domestic industry. He said the Indian textile and apparel sector was all set to become the second largest beneficiary following dismantling of quotas. He added that the government was also creating a congenial environment. This is done by reducing cost of production, rationalisation of excise duty structure and removal of infrastructure bottlenecks. This would enable the Indian textiles and apparel industry to achieve an estimated target of US$85bn by 2007.

After inaugurating a two-day "International Fashion Technology Forum 2006" organised by National Institute of Fashion Technology (NIFT), Vaghela said the institute would be formally recognised as a statutory institution for awarding degrees. *(TH, 22.05.06)*

Excel in Textiles

A CII study on textiles says that Andhra Pradesh's weaving, processing and garment industry will utilise over 70 percent of cotton production by 2015. This is a significant jump from 35 to 40 percent in 2005. The CII study expects cotton production in the state to grow at a CAGR of around seven percent. The study estimates that the state is expected to adopt efficient ginning methodology. Its spindlage is likely to jump four-fold to touch 10 million spindles by 2015.

The study reiterates that the state's textile sector is expected to be an US$8bn industry by 2015. CII urged the government to continue its pressure on Monsanto for further reduction of Bt cotton seed prices. It also urged the government to provide sops for the manufacture of technical textiles, encourage setting up of more auto-looms and facilitate setting up of processing units on coastal belts where there is no water scarcity.

The study recommends the government to establish a 2500 acre textile city. This is to facilitate the development of a large-scale integrated textile industry. *(FE, 18.05.06)*

Revamping Handloom Sector

The government is planning to launch 'Handloom mark' for brand development in the handloom sector. This will be on the lines of the silk mark. Under the scheme, each product that comes out of handlooms will be given a 'handloom mark'. The 'label' will pronounce the product as one made on handlooms and will perhaps fetch a higher price. Rs 100 crore is to be spent on creating the infrastructure for putting the handloom mark on the products and to publicise the scheme.

A scheme similar to the Technology Upgradation Fund (TUF) will also be introduced for the sector. It will provide interest subsidy on term loans. Funds are to be made available under this scheme for upgrading the 'pit looms' into the more productive 'jacquard looms'.

Development of the handloom sector was one of the priorities of the government, said the textiles minister Shankersingh Vaghela. He called upon the weavers to make innovations in handloom production. *(FE, 30.05.06; BL, 18.06.06)*

Need for Disbursal of Funds

Release of funds amounting to over Rs 250 crore under the TUF Scheme for the textile industry has been held up. A large number of claims for TUFS assistance for October-December 2005 quarter are yet to be cleared. For January-March 2006 quarter, there has been no disbursement. This delay is causing undue hardship to the textiles and clothing industry.

The Confederation of Indian Textile Industry (CITI) has urged the government to speed up clearances of projects under this scheme. The association said that if immediate remedial measures are not taken, the momentum achieved in modernisation and expansion of the industry would be affected. The association has also stressed that capacity building would be a key to keep up the momentum. *(FE, 09.05.06 & 02.06.06)*

DARE to be Different

— Surinder Sud*

It will no longer be possible for private industry to have free or unconditional access to agricultural technology being generated by public sector research bodies. This constraint would arise due to the new global norms on intellectual property rights (IPRs) in place. Therefore, gone are the days when the new seeds or technology developed by Indian Council of Agricultural Research (ICAR) or the agricultural universities were readily available to public agencies or private companies for further multiplication and sale for commercial gains without making suitable investments on research.

However, involvement of other public or private agencies is a must as the research institutions cannot, for obvious reasons, afford to provide these technologies to the end users (mostly farmers) entirely on their own. ICAR now claims to facilitate by evolving a new intellectual property management regime, which will allow smooth transfer and commercialisation of its technology with provisions for benefit sharing.


www.greenpack.rec.org

The committee set up for this purpose under the chairmanship of Department of Agricultural Research and Education (DARE). Additional Secretary Rita Sharma has released a draft guidelines for intellectual property management transfer and commercialisation of technology.

It conditionally allows the private, public and other agencies to multiply and sell seeds of the ICAR plant varieties under their own trademark or trade name. Since the Plant Varieties Protection and Farmers Rights Act, 2001, (PVP & FR Act) requires compulsory registration of all new varieties, the commercialisation of these seeds will have to be done according to the denomination registered under this law. For this, licences will be issued to the parties for commercialisation of the varieties. This will include the parent lines of the hybrids, in the domestic market or abroad.

The licence holders will, however, have to use, besides their own trademark, ICARs collective mark or the institutions trademark along with the registered denomination on all packets of seed. The foreign clients in seed business, who are interested in commercialisation of the ICAR seeds in other countries, will have to secure protection of the ICAR varieties in their respective countries.

Indeed, till the late 1990s, the country did not have any specific intellectual property policy concerning agriculture technology other than few general legal measures including the Patents Act, 1970 and the Trade Marks Act, 1999. Where agricultural research was concerned, the emphasis was mainly on the transfer of technology and not on commercialisation of technology. As such, the need for protection of the intellectual property was not felt.

However, gradually ICAR began conceiving measures to protect its technology. This was with the signing of several new global agreements and conventions on the IPRs issues related to agricultural products and emergence of the multinational companies having strong agricultural research programmes. Though, this was intended to be done largely through guidelines, orders or instructions, besides mutual agreements, the approach did not leave much scope for generation of revenue for the research institutes through the technologies developed by them. Such revenue generation is useful not only to partly cover the cost of technology generation but also to provide incentives to the scientists to come out with more innovations.

The ICAR and its institutes will, therefore, charge royalty permissible within the provisions of the PVP&FR Act. The net total income thus generated from commercialisation of ICARs seeds or technology would be shared among the ICAR headquarters, the developer institute and the innovator scientists. Also a part of it will be utilised for strengthening research facilities and for the welfare of ICAR employees. There will, of course, be exemption from royalty for the use of all registered varieties and genetic stocks of the ICAR by others for research purposes.

Another significant provision of the proposed policy concerns partnership between the ICAR and its institutions with the private sector for the purpose of agricultural research itself. For this, industry will be allowed to use the ICAR infrastructure for carrying out need-based research in important areas. This will be through contract research, contract services and by availing the core-shared facilities at the ICAR institutions.

** As appeared in Business Standard, 06.06.06*

SOURCES: BL: THE HINDU BUSINESS LINE; BS: BUSINESS STANDARD; ET: THE ECONOMIC TIMES; FE: THE FINANCIAL EXPRESS; TH: THE HINDU

Making Things *Happen* newsletter: Composed and Published by CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE), D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India, Ph: 91.141.228 2821, Fx: 91.141.228 2485 Email: citee@cuts.org, Website: www.cuts-citee.org. Printed by: Jaipur Printers P. Ltd., M.I. Road, Jaipur 302 001, India.