

Report of Proceedings

State Level Advocacy Workshop

**Grassroots Reachout & Networking in India on Trade & Economics
(GRANITE) - Phase-II**

June 27, 2009

Kolkata, West Bengal

Introduction

CUTS Calcutta Resource Centre (CUTS–CRC) with the support of, CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), The Royal Norwegian Embassy, New Delhi, and Oxfam Novib, The Netherlands, organised a half day State Level Advocacy Workshop with Government officials, exporter’s associations, people’s representatives, growers, and Civil Society Organisations under one of their ongoing projects titled “**Grassroots Reachout & Networking in India on Trade & Economics (GRANITE) - Phase-II**”.

The GRANITE project that was initiated in 2005 and continued till March 2007, is implemented in eight states, viz. Andhra Pradesh, Karnataka, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal, in partnership with civil society organizations (CSOs) working at the grassroots focussing on Agriculture, Horticulture and Textiles of India, given their significance in the generation of employment in India. Overall objective of the GRANITE project is to create long-term capacity of Indian CSOs and other targeted stakeholders to address complex issues of globalization and international trade to understand how in an increasingly open and evolving environment they are affecting different stakeholders.

An institutional analysis (a critique) on the process of preparation and implementation of the National Foreign Trade Policy of India, 2004-09 was done in the first year of the project i.e. from April 2007 to March 2008. In the second year (*April 2008 to March 2009*), project partners conducted Case Study on specific products in order to understand whether and how as a result of the implementation of the National Foreign Trade Policy of India, 2004-09 affected (or, not affected) export of that specific product.

In West Bengal one such Case Study was conducted on the Mango-economy of Malda, by CUTS-Calcutta Resource Centre (CUTS-CRC). Primary focus of the case study was to find answer to the following questions:

- ⇒ Whether as a result of NFTP, exports of specific products (*Mango, in case of West Bengal*) have increased?
- ⇒ What has been the impact of the increase (*or, no increase*) in mango export on the various stakeholders in a mango economy?
- ⇒ What are the channels through which the benefits of the National foreign trade Policy percolate down to the grassroots?
- ⇒ What can be done to better integrate International Trade and Human Development at the grassroots?

The **main objective of the workshop** was:

- ⇒ To present the research findings
- ⇒ Share opinions for making the NFTP more pro poor
- ⇒ Share views and opinions as to what could be done to increase exports of Mango from Malda

The Participants

More than thirty participants comprising of state government officials, mango growers, exporters and representatives from various food processing units in Malda took part in the workshop. Apart from this the representative from the Japanese Consulate was also present at the workshop.

Inaugural Session

Keya Ghosh, Centre Head, CUTS Calcutta Resource Centre (CUTS-CRC) inaugurated the half day advocacy workshop by giving a brief overview of the project objectives and the project activities. Next she explained the purpose of the half day advocacy workshop and introduced the key speakers before the participants along with the respective topics.



Figure 1. Keya Ghosh delivering the inaugural address

She said that though International Trade is supposed to foster economic development of a country yet the grassroots realities are quiet different from theoretical perspectives. In order to understand impact of the National Foreign Trade Policy on the grassroots stakeholders, CUTS CRC conducted a case study on the mango economy of Malda. The idea was to identify various channels through which benefits of International Trade trickles down at the grassroots and creates employment opportunities, empowers the women folk etc. With these words she invited Arnab Ganguly, CUTS-CRC to present the findings of the Case Study.

International Trade and Development at the Grassroot: A Case Study in the context of the Mango Economy of Malda – Arnab Ganguly, Research Associate, CUTS-CRC

He started by explaining the positive relationship between international trade and poverty reduction, highlighting the need for right complementary policies and associated institutions to be in place. He said that in the Indian context the National Foreign Trade Policy (NFTP), 2004-09, envisages a programme that seeks to secure economic growth and national development. Formulated and effective from August 2004, major landmarks attained were:

- ⇒ Increase in exports from US \$63 billion in 2004 to US \$155 billion in 2007-08 i.e. 2.5 times increase in what it was 4 years ago
- ⇒ Total Trade in goods and services accounts for 50% of India's GDP
- ⇒ In the last four years increased trade activity has created 136 lakh new jobs

However, he continued, inspite of these landmarks a pertinent question remains as to how exports of specific products have affected various stakeholders at the Grassroots and to what extent the resultant benefits have accrued to the real producers.

After explaining methodology of the study, stakeholders interviewed in course of the study and their roles in a mango economy, he illustrated the mango value chain highlighting how commodity and money flows in the economy. It emerged from the illustration that most of the transactions take place in informal terms. This results in a high insecurity in receipt of payment to the various stakeholders in the mango value chain especially the primary growers. He further added that until and unless this issue is addressed the primary producers will never be able to realise the price of their produce.

Pointing out various beneficial changes in the mango economy after formulation of NFTP he told area and production of mango alongwith improvement in the quality of mango grown in the area. He further added that exporters in Malda are now being able to access various export-related schemes better than before and that export from the district has grown since the last few years. An important finding as shared by him has been the increase in women's involvement in various activities related to household based food processing works.



Figure 2. Arnab Ganguly Making his Presentation

Explaining the major roadblocks to a better mango economy Arnab stressed on the fact that insecurity in realization of payment from import market, especially Bangladesh, is a prime concern for the primary producers in the economy. Apart from this another concern for the exporters as well as the growers is heavy dependence on the Bangladesh market for exporting mangoes. Availability of proper export infrastructure and underutilization of the available infrastructure are also major limitations facing the mango economy of Malda. He further added that food processing has a good

potential in the district but due to lack of availability of market and packaging infrastructure the processing units are finding it hard to sustain in the long run.

Arnab ended his presentation by putting the following recommendations:

- ⇒ Promoting mangoes from Malda as a brand in International Markets
- ⇒ Orientation to the local growers and exporters in the district to export to countries apart from Bangladesh
- ⇒ Promoting formation of Growers' cooperatives
- ⇒ Providing the necessary infrastructural support required for export
- ⇒ Strengthening the Processing Units in the District

Reactions on the Presentation

Sanjeev Chopra told that there is a marked difference between trade with neighbouring countries and trade with what is actually an export market. Trade with neighbouring countries in many cases take place on informal terms, as in case of payment from importers in Bangladesh, and this is what makes trade with Bangladesh different from those of trade with countries like U.K. and Japan. In this context he emphasized that separate policies should be prepared for trading with neighbouring countries and those which are distant export destinations. He further added that wage rates that are going up in Malda not because of the NFTP but rather because of various schemes like National Rural Employment Guarantee Act (NREGA). He also said that along with NFTP various government policies like loan waiver, distribution of Kisan Credit Cards (KCC) are playing a much larger role in the domestic economy.

Sanjeev Nandwani, emphasized that apart from Bangladesh, the exporters also need to venture other export markets as well. This will help them diversify the risk involved in trading with a single country. Also he told that it is very important to look into the food processing sector and promote export of those products as well. In this context he mentioned that NFTP is an overarching theme based on which policy actions are taken. Since India's export basket contains a large array of commodities and a number of export destinations it is not possible to chalk out separate trade policies for each and every product and for each and every trading partner. However, he told that many of the issues involved in trading with geographically contiguous countries are dealt with in the Regional Cooperation meetings.

Global Trends in Agriculture Trade Implications for Domestic Policy – Sanjeev Chopra, Secretary, Department of Agriculture, Government of West Bengal

He started the session by giving a small example of an informal trade arrangement that had been struck between Japanese and Indian rice exporters. Japan has a 1,800 percent import duty on rice. So, naturally there is no export of rice to Japan. In recent years the Japanese populations relocated in India have shown interest in importing rice of Japanese origin to India which had caused a fair amount of dissention among the Indian basmati rice exporters as they could not export to Japan because of the high tariff barrier. To resolve this situation an informal trading arrangement has been made between India and Japan for non-commercial use of rice whereby Indian basmati rice will be exported to Japan and Japanese rice will be imported to India without any import duty.

Pointing to the global trends in agricultural trade he told, that the most dangerous trend especially among China, South Korea, UAE is that instead of considering the threat to global food security they are acquiring prime agricultural lands in some undemocratic countries. He further added that the act of acquiring prime agricultural by foreign interests has reached frightening proportion in Sudan where nearly one fifth of the agricultural land has been sold to Daewoo, larger sovereign funds and conglomerations. He further added that in Lusaka, China has not only made Chinese farms but also they have deputed Chinese labourers to work in those farms. This is a severe threat because people in Zambia are not only losing their land but also losing their farm based jobs. According to him such acts are constantly threatening the role of international trade for ensuring food security.



Figure 3. Sanjeev Chopra giving his presentation

He opined that such threats can be dealt effectively provided we have a democratic setup of government, a vibrant civil society and above all empowered citizens. In this context he emphasized the need for multi stakeholder meetings where different group of stakeholders can share their views and concerns on different issues.

Synergy between National Foreign Trade Policy and Domestic Policies in the context of Horticulture Export – Sanjeev Nandwani, ITS, Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India

He started by thanking CUTS for organizing the state level advocacy workshop where different stakeholders take part and share their views and concerns on various issues. He said that domestic policy and foreign trade policy are two interdependent components though they lead to conflicts at times. In this context he stressed on the fact that often domestic policies leads to creating trade barriers. This is one major reason why the issue of national treatment has gained greater importance at the World Trade Organisation (WTO).

In the Indian context, he told, the National Foreign Trade Policy had given a fillip to the Indian exports by not only giving a lot of incentives but also building necessary infrastructure for exports. Schemes like ASIDE, Towns of Export Excellence, and EPCG etc. are moves in this

direction. He further added that the ASIDE scheme may be availed to set up warehouse and other export infrastructures; the focused market, focused product scheme and the Market access initiatives attempts to explore overseas markets and also set upon infrastructure there. But unfortunately, he continued the number of proposals received is very less in number. He invited the stakeholders to come up with new and innovative proposals in similar lines and submit them to the respective promotion councils, APEDA in case of horticulture exports. In this context he gave a small example of how Lafarge had come up with an excellent idea to reduce the various transaction costs involved in exporting crushed limestone. The plant was situated near the Indo-



Figure 4. *Sanjeev Nandwani giving his presentation*

Bangladesh border at Meghalaya. They had built a long conveyor belt that extends to Bangladesh. The plant extracts limestone, crush them and send those to Bangladesh via the conveyor belt where it is further processed and sold.

Floor Discussion

Anup Dutta, an exporter of horticulture products told that though import of horticulture products are increasing every year the importers are often discounting their invoices saying that the quality is not upto the mark. This, he continued, is not true in most of the time. Thus he enquired as to whether a monitoring unit may

be set up overseas to monitor the quality of the products exported and also to look after issues of realising the payment for the consignments. Reacting to this Nandwani told that such units may be constructed but the exporters will have to submit a proposal to APEDA to check the project's viability. In this context Chopra suggested the exporters to go to Indian Institute of Foreign Trade (IIFT) and APEDA to get professional consultation to improve aspects of marketing, brand promotion etc.

Session – I: Perspective of Different Stakeholders in a Mango Economy

Perspective of District Horticulture Officer – Samarendra Nath Khara, District Horticulture Officer, Malda, Department of Food Processing Industries and Horticulture, Government of West Bengal

He told that though Malda is well known for its mangoes but in the past most of the mango grown was not for any commercial purpose. However, he continued, the scenario had changed a lot since the introduction of the National Foreign Trade Policy and especially declaration of Malda as an Agri Export Zone (AEZ) for mango.

He told that the Horticulture Department has done a considerable progress in disseminating pre and post harvest management techniques, growers are now practicing organic cultivation. The result has been a marked improvement in the quality of mango produced in the area. However the department is facing a severe shortage of manpower. He further added that though majority of the growers are willing to practice organic farming yet they had to back off due to lack of market for organic products. In most of the cases the organic products are sold at the same price at which the non-organic products were sold.

He suggested that to overcome this problem a coordinated effort is required from the part of all the stakeholders. The risk involved in exploring overseas markets should be shared among the

growers and the exporters. To ensure export quality mango the exporters can strike an initial formal contract with the growers whereby the grower will get the incentive to follow good agricultural practices. He also said that the processing units in Malda are still following older technologies and as a result could not sell their produce. In case of delegations if representatives of the processing units be taken aboard then this will give them exposure to newer technologies.

Perspective of exporters of Mango to Bangladesh – Samir Ghosh, Proprietor, Minoti Exports

He reinforced one of CUTS's important findings from the Case study that export of mango to Bangladesh is increasing day by day. On an average about 60-70 trucks of mango from Malda is exported to Bangladesh via the Mahadipur port on a daily basis. However he accepted the fact that exporting to Bangladesh is much easier than exporting to other countries due to less quality constraints and a well established network to collect payment for the consignments sent to Bangladesh. According to him exporting to other countries will require better pre and post harvest management which in many respect is still lacking in Malda. Above all, he stressed on the fact that information about overseas markets is also not available to them.

Perspective of Food Processing Units in Malda – C.R.Kundu, Proprietor, Gita Fruit Products

He told that three of the major problems faced by the Food Processing units in Malda are Packaging, Technology and Promotion. He said that the bottles required for packing are either not available in West Bengal or their prices are higher. As an alternative he had to procure them from Hyderabad. Regarding technology he pointed out that technology is changing at a rapid pace and that introduction of newer technologies will entail higher investments. Even if he gets a bank loan for financing the technological upgradation, the same might get obsolete within a few days and that will again lead to new loan from bank, he apprehended. He further added that one major problem facing the food processing units Malda is their limited capacity to invest in advertisement and other promotional measures. These units cannot afford to consult a professional because of their huge charges.



Figure 5. L-R: C.R.Kundu, S.N.Khara, Sudarshan Kumar, Saifuddin Ahmed

After pointing to the above mentioned bottlenecks he proposed the following suggestions:

- ⇒ Some cost effective technology be introduced that will facilitate filling the containers for pickle
- ⇒ Need to create good market for mango products like *Amshwatto* and *Amchur*. According to him this will help the units compete in niche market segments.

At the end he said that mango based products have a great potential in domestic market. If proper avenues be explored then even domestic markets will bring in higher returns than export markets.

Perspective of Growers in Malda – Sudarshan Kumar, Araidanga Gram Panchayat; and Saifuddin Ahmed, Amriti Gram Panchayat

Sudarshan Kumar told that the major roadblock to mango export from Malda is lack of entrepreneurship. He said that till now the number of exporters willing to export mango to countries other than Bangladesh has been very limited. Further, default risk is very high while



Figure 6. L-R: C.R.Kundu, Sudarshan Kumar and Saifuddin Ahmed

trading with Bangladesh he added. He also told that because of lack of market assurance many growers are adopting good agricultural practices. In this regard he told that there is a huge demand in international markets for sanitized products but that will entail a higher investment which will be profitable only if a grower gets a higher price for his produce. In most cases lack of market forces the grower to sell at prices same as those of non-sanitised products. These problems, he continued, can never be solved unless a coordinated effort is made by all the stakeholders. He also emphasized that growers and exporters can share the risk involved in exploring new markets. According to

him there is a need to invite private companies and or create entrepreneurship for marketing mangoes from Malda. He cited the example of Mahindra in this regard which at present is responsible for marketing Alfonso variety in Maharashtra.

Saifuddin Ahmed told the Horticulture department in Malda has been very helpful in providing knowledge regarding pre and post harvest management, good agricultural practices etc. He told that prior to 2005 the growers in Malda could not get any help from the government but things have changed a lot since then. At present there are 15 registered farmers in Malda who are regularly giving trainings about how to grow and maintain healthy orchards. He further added that the growers at present are able to provide export quality mango. The problem, as he told, is market assurance and price. Growing export quality mango entails greater investment and hence requires higher price for their produce. He also said that unless other overseas markets are explored 80 percent of the mango produced in Malda will go to Bangladesh because prices offered there are higher than those in Indian markets.

An Exporter's experience in exporting Mango to London & Dubai – Anup Dutta, President, West Bengal Agri-Horti Exporters Association

At the outset he shared his experience as an exporter of mango to London. He further added that due to a number of infrastructural bottlenecks he had to bear huge financial loss. In the light of his past experience he pointed out the following key recommendations:

- ⇒ The greatest problem in export business, he told, is realizing payment for the export consignments. Most of the importers, he continued, are discounting invoices based on the argument that quality of the consignments is not upto the mark. This problem, he proposed, could be effectively addressed by setting up a monitoring unit in overseas export destinations. The unit on one hand will check the quality of mangoes exported from India, especially Bengal, and on the other hand will look after timely collection of payment from the importers.
- ⇒ In Malda there is the need to set up a ripening chamber that will ensure export of right quality mango to international markets.

Session – II: What is lacking and what needs to be done to promote mango export from India

APEDA’s initiatives for development of agro exports from India with special emphasis on Mango – Man Prakash Vijay, Regional Manager, Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Commerce and Industry, Government of India

He started by giving a brief introduction about APEDA. He told that Agricultural and Processed Food Products Export Development Authority (APEDA) is the apex body of Government of India for Development & Promotion of export of Agro Products. It is a non-commercial export promotion organization and acts as a vital link between industry and the Government. He pointed out that a fair amount of success has been achieved in accessing a number of overseas markets some of which are China (2004), Japan (2006), USA (2007), Australia (agreed - 2009 onwards).



Figure 7. L-R - *Dipasish Dey, Man Prakash Vijay, S.N.Khara*

On the issue of providing infrastructural support he told that Perishable Cargo complex has been set up at Delhi, Mumbai, Hyderabad, Bangalore, Chennai, Thiruvananthapuram, Kolkata, Kochin and Bagdogra. The perishable cargo complex (CPC) is being setup at Goa, Ahmedabad, Amritsar and Nasik. Further, 25 Pack Houses with Cold Storage facilities have been set up in Karnataka, Kerala, Maharashtra, Rajasthan, Punjab, U.P, West Bengal, Asam and Mizoram. In the context of infrastructural support he told that the projects are sanctioned as per the request received from the state governments. The pack house was set up at Malda and Barasat as well remains underutilized for a majority of the year since its establishment.

According to him various **factors inhibiting trade from India** are

- ⇒ Despite national standards for import of horticulture products, most retail chains in USA and the EU also adopt their own standards which becomes an trade inhibiting factor for India
- ⇒ Frequent changes in international standards also impedes trade
- ⇒ Sudden changes in standards makes results in higher compliance costs for Indian exporters thereby depleting competitiveness

Some of the **solutions** as proposed by him were:

- ⇒ Strengthening of domestic market by building up quality consciousness from the farm level
- ⇒ Promotion of Good Agricultural Practices
- ⇒ Strict adherence to Quality Management systems
- ⇒ Concerted and continuous training at farmer level for effective harvesting, pre and post harvest management practice
- ⇒ Promotion of cluster approach in farm sector

Next he showed a video, which explained what the infrastructural requirements are and how those can be used for exporting various horticulture products, including mango.

Floor Discussion

Dipashish Dey, Senior Political Advisor, Consulate of Japan, told that mango has a good demand in Japan. Japan imports mango from a number of countries, the highest being Mexico, he added.



Figure 8. *Man Prakash Vijay giving his presentation*

India constitutes only 4 percent of the total mango imported to Japan, he continued. Price of mango in Japan, as told by him, is nearly 5,000 I.N.R. From West Bengal Lakshmanbhog is a variety that can be exported to Japan apart from Langra and Begampally. The only requirement is Vapour Heat Treatment. In this context Vijay told that though there is no VHT plant in West Bengal yet the exporters could avail the same in Maharashtra and UP.

Ashok Ghosh, told that usually mangoes are exported in bulk to Bangladesh and that the export orders come up suddenly. Under these circumstances it will not be viable for the growers to pursue methods like plucking mangoes one by one, keeping them upside down and separate from one another. He also cited the example of Chapai Nauganj where mangoes have a natural wax coating that imparts longer shelf life to them. He also hinted to the quality of packing that is not upto the international standards.

Man Prakash Vijay, replying to one of the queries raised by Anup Dutta regarding setting up a ripening chamber, told that though there is no ripening chamber in Malda but the problem can be sorted out by informing growers well in advance about the quality of mangoes they need and time to export so that the farmers can provide them sufficient ripe mangoes to the exporters for exports.

Closing Session and Vote of Thanks

Keya Ghosh, sounded the closing bell on a positive note by saying that any business entails augmentation and efficient management of risk and governments' role will be to facilitate the process. But it is the private entrepreneurs and other stakeholders who should take initiatives forward and enhance mango export from the state. In the end she thanked all the participants for their active participation in the workshop.