

West Bengal State Level Meeting

Grassroots Reachout & Networking in India on Trade & Economics GRANITE, Phase-II Calcutta, 7 May 2008

OUTCOMES

The inaugural session ended with Sanjeev Nandwani, Joint Director General of Foreign Trade, Directorate of Foreign Trade, Department of Commerce, Government of India, requesting CUTS to provide a structured recommendation based on the findings of the GRANITE field survey. This he said would be included in the dialogue on next National Foreign Trade Policy (NFTP) 2009, which will start shortly in New Delhi.

Major recommendations put forward by CUTS Calcutta Resource Centre are as follows.

Wider Consultation: Finding solutions to specific export-related problems or making of the National Foreign Trade Policy calls for wider consultation: involvement of *State Governments, Primary Producers' Organizations, Export Promotion Councils, Commodity Boards and Civil Society Organisations* (working on export-related/ grassroots' issues)

Sharing of Benefits with Primary Producers: Under the Scheme, where *exporters* (of agricultural commodities and products of rural artisans) will get a *reimbursement of 7.5 per cent of the value of the exportable commodity*, it is recommended that *50 percent (or a certain percent which is negotiable) go back to the primary producers*. This is because the primary producers have to ensure export quality of the commodities they produce for exports to happen. This has greater relevance due to Sanitary and Phyto-sanitary (SPS) barriers to exports which apply mainly to agricultural and textile commodities.

CUTS feels that this will *promote tracking and actual documentation of the primary producers involved with the production of exportable commodities* which is happening in many other sectors. It will also help *agro processing units and export units to build local alliances, create confidence within and among the communities in which they function* and leverage all the incentive schemes of the centre and state governments for export promotion.

To begin with, this can be made mandatory for star exporters who can afford the IT set-ups. For medium sized exporters, they may be required to comply within two-three years from the setting up of the export units.

Or, in the initial stages, the compliance can be voluntary, coupled with extensive awareness generation among grassroots' primary producers, so that they can make their claims. This along with random checks by third parties hired for temporary periods with exemplary punishments in case of default can be the way out. Reliable CSOs can play a significant role in facilitating these kinds of surveys/ checks.

Representation of all Stakeholders in the Board of Trade: It is noticed that the primary producers, CSOs, and small exporters have no representation in the Board of Trade. It is recommended that this is rectified.

Strengthening of Institutional Mechanism: Provisions for strengthening of institutional mechanism be incorporated in the next NFTP for better *information dissemination and implementation*: this could be done by setting up district level extension offices of DGFT and even by involvement of the exporters themselves (who could take up information dissemination activities under Corporate Social Responsibility Programmes).

Introduction

The GRANITE project, now in its second phase, is being implemented in the same eight states, viz. Andhra Pradesh, Karnataka, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal, in partnership with the same grassroots civil society organizations (as in the first phase)), working on agriculture and textiles, for a period of three years: from July 2007 to June 2010.

CUTS Calcutta Resource Centre, the West Bengal partner, organised this State Level Meeting, after the completion of the field survey in five districts of West Bengal namely Hooghly, Nadia, Malda, Murshidabad, and Darjeeling. The survey was conducted to gauge the perception of various stakeholders – government officials, exporters, farmers'/weavers' associations, media representatives on National Foreign Trade Policy 2004-09.

Objectives of the State Level Meeting

- To present the findings of the field research in the state;
- Share opinions on how to make NFTP more pro poor;
- To chalk out strategies to promote agricultural and handloom exports through institutionalised mechanisms;
- To facilitate interaction between government officials, exporters, farmers'/weavers' associations, media representatives and other stake holders; and
- Finalise further research areas.

Inaugural Session

Keya Ghosh, Advisor, CUTS CRC

Sanjeev Chopra, Secretary to the Govt. of West Bengal, Department of Agriculture

Sanjeev Nandwani, Joint Director General of Foreign Trade, Govt. of India

Keya Ghosh welcomed the panelists and the participants to the workshop. For the benefit of those who were attending CUTS' programme for the first time, she highlighted CUTS' activities and briefed the participants on GRANITE and its overall objective.

The objective of the field survey, she said, was

to gauge the perception of various stakeholders on National Foreign Trade Policy 2004-09 in five districts of West Bengal. The primary stakeholders, farmers, weavers, small and medium exporters, horticulture and handloom officers and CSOs from the above five districts who were surveyed, were all present in the workshop.



L-R: Asok Santra, Sanjeev Chopra, Sanjeev Nandwani, Keya Ghosh

She outlined the topics that would be taken up for discussion during the day, beyond the agenda, such as, *CSOs' role in the policy making process in general, and NFTP in particular; mechanism for up linking and down linking grassroots' inputs into policy making and effective implementation of NFTP*. She informed that CUTS has planned to form a policy forum and a legislative forum in the state similar to the parliamentarian forum PARFORE in New Delhi which would facilitate informal discussions on economic and policy issues to be taken up before the Parliament for better policy implementation.

Sanjeev Chopra in his presentation on **NFTP as an effective instrument of economic growth through export promotion** said that the National Foreign Trade Policy has provisions for Agri-Export Zone, but the main objective is to analyse whether farmers are being benefited from this concept. In our country, farm production has increased but farm income has not increased as higher output is negated by higher input cost.

He shared that during the formulation of NFTP or while finding solutions to export-related problems, even the State Governments are not consulted. He referred to the recent knee-jerk reaction of the Central Government on food crisis and to drive the nail home, he cited the example of sudden ban imposed on the export of edible oil. He highlighted how the ban affected the economy and farmers of Kerala in particular which also resulted in the loss of markets.

Voices of the grassroots have to be heard by CSOs, NGOs, co-operative societies and political parties as all of them are a part of the system. The voices have to be collated into a document and placed before the State Governments which would then be communicated to the Central Government. He said that this is the way to up link grassroots' concerns.

According to him, there has always been an inherent confusion regarding agri-commodities in the Indian policy. The policies do not send very clear signals about what is to be done with the agri-commodities.

He stressed that given the fragmented landholding pattern in West Bengal; an individual farmer will never be able to benefit from the NFTP as it stands. Only farmers' co-operatives/associations can benefit from agri-exports. Therefore their formation should be encouraged.

The next NFTP of 2009 should have greater emphasis on how institutions collecting produce from farmers ensure higher returns to farmers. If the price at the farmers' end does not increase, then export will not benefit the farmers much.

NFTP addresses the perfect market whereas the farmers operate in imperfect markets.

In case of agri-commodities, unlike other commodities, production cannot be stopped in the middle stage. More than the FTP, it is the domestic policy which greatly impacts the growers. Therefore artificial divide between domestic market and international market should gradually disappear.

The highlights of Sanjeev Nandwani's presentation on **Implementation of the National Foreign Trade** are as follows.

On the composition of Board of Trade, he reacted positively to CUTS' research by saying that as there is no participation of CSOs in Board of Trade and this issue should be taken up by the Department of Commerce, Government of India.

He shared that India's foreign trade was 0.7 percent of world trade, and now it has reached 1.5 percent. The target is to reach 5 percent of world trade by 2020. But these figures will not mean much to the common producer until unless the benefits reach them. West Bengal's current share is about 8 percent of national exports.

The Government's role in facilitating export was then highlighted by him. He said that the Government is mainly a facilitator and a provider of infrastructure. By providing infrastructure and tax rebate, the Government provides support and promotes export.

In this globalised era, Foreign Trade Policy would act as a facilitator of getting more people into export-related activities. Employment generation is one of the objectives of NFTP and it has been estimated that 136 lakh new jobs would be generated as a result of NFTP.

He explained to the audience the existing consultative process of the making of the NFTP. He said that the organisations being consulted are: the Department of Revenue, Export Promotion Councils (from different states) and Commodity Boards. The Commodity Boards, who are involved in both domestic and international trade, are in touch with grassroots, and in the existing system they are expected to provide grassroots' input. In reality, however, interaction of these Boards, such as Tea Board, stops at the exporters level and do not percolate down to the grassroots level.

Export Promotion Councils have been formed for all types of export products. There are 30 EPCs in our country.

A scheme called ASIDE i.e. Assistance to States for Infrastructure, Development for Export has been introduced to identify areas which need to develop its infrastructure for facilitating exports, say for port establishment, road infrastructure, connecting port and marketing hub. But this scheme has not reached its optimum utilisation. As an example, he cited that in the North Eastern Region, the Government has made an investment worth 25 crore which has facilitated only 1 crore worth of exports. It is hoped that the benefits will be reaped in the years to come as this is an investment for long term benefits.

Reacting to Sanjeev Chopra's deliberation, he said that the Central Government should consult the State Governments and other grassroots organisations, and in this regard, he requested CUTS to prepare a structured recommendation on how to involve State Governments in the process of policy formulation. He said that these recommendations would be included in the dialogue that is likely to start shortly in New Delhi on the next NFTP-2009.

He said that inputs taken from the exporters often clash with the interest of primary producers.

The role of DGFT office is to give license to the exporters and facilitate export. It organises awareness and training programmes. The officers visit remote areas to conduct awareness and training programmes, however many important areas are often missed out. In this regard, he thanked CUTS for highlighting the export potential of Malda, Murshidabad and Darjeeling, areas which the DGFT office did not address. He also said that CUTS' recommendation of having district level offices for better information dissemination would be considered.

He said that gender issues will be incorporated in the NFTP in its next phase. Industries which involve more women may be given a special subsidy. APEDA (Agricultural Producers and Exporters Development Agency) is an organization doing good work at the grassroots level and CUTS should work in partnership with them on capacity building.

Keya Ghosh enquired if CSOs could directly participate in the policy making process within the existing framework, and if yes, how. She also pointed out that most of the existing schemes under the NFTP are tailored to benefit the existing big exporters, and pointed out that there are no schemes to encourage the small and new exporters.

Sanjeev Chopra replied by saying that the ground level studies/research that CUTS was doing was the best way to participate in the policy making. Documentation of the findings, articles in newspapers was the only way to sensitise the policy makers. He said this method was more effective than direct participation in councils and committees. Sanjeev Nandwani agreed with him and both lauded CUTS' initiative in this regard.

Session 1

Indranil Bose, Head, Department of Political Science, St. Xavier's College, Calcutta and Advisor, GRANITE

Asok Santra, Secretary, West Bengal State Marketing Board

S. N. Khara, District Horticulture Officer, Malda

CUTS findings and impediments to policy implementation was presented by Indranil Bose. Highlights of his presentation are as follows.

The NFTP acknowledges that a trade policy cannot be fully comprehensive in all its details and would require modifications from time to time. The purpose of this research is to find out the various problems that hinder the enhancement of exports and the obstacles that prevent the fruits of development from percolating to the producers and stakeholders in particular sectors.

Inclusive national development is not possible if the common man is not benefited, therefore it is the joint responsibility of all stakeholders to take the grassroots' concerns and needs to the policy makers so that future policy take these into consideration.



L-R: S. N. Khara, Asok Santra, Nabin Sen, Indranil Bose, Keya Ghosh

One of the guiding agencies of NFTP is the Board of Trade. But in its composition, while there is emphasis on the incorporation of experts, not much thought has been given to the representation of direct producers, civil society organisations and women.

Unlike the Department of Agriculture which has the greatest extension starting from the Central Government to the Gram Panchayats, the DGFT has offices only up to the State capitals. They do not have extension offices at the District or at the Blocks. This could be one of the reasons for the lack of awareness about international trade at the grassroots level of individual farmers or weavers.

In recent times the Government of West Bengal is giving a lot of thrust to export of mango and pineapple, both direct and processed.

The textile and clothing industry is indeed an important sector in West Bengal. But the industry has been going through stagnation, both due to lack of growth as well as due to increasing competition from outside. The Government of West Bengal has recently adopted a Textiles Policy with focus on exports.

There are a few major gaps in the policy-making process:

- Discussion and decisions on economic and trade related issues take place mainly at the state and district levels, but not at the panchayat level; decisions are not taken further down to the Gram Sabha and Gram panchayat.
- MPs/MLAs/political parties seldom discuss economic problems and trade related issues.
- The growers, cultivators and small entrepreneurs have not been consulted while drafting the NFTP.
- The Board of Trade does not have representation of CSOs, small and medium enterprises and women's organizations.
- There is a lack of major export-oriented schemes to encourage small and medium entrepreneurs.
- Majority of the people associated with exports continue to depend on subsidies or help from the government.
- The main reason for the lack of grassroots input in the policy making process is the information gap among the grassroots people.

Major impediments to effective policy implementation are as follows:

- Low level of awareness about different government policies and NFTP in particular.
- Low degree of awareness about trade and economic issues at the grassroots level.
- No clear idea among grassroots stakeholders about the implications of the various provisions in the NFTP.
- Public-Private Partnership (PPP) is the buzzword for making the NFTP effective, particularly in the horticulture sector. Unfortunately there is a lack of effective private participation.
- Conflicting political interests.
- Number of beneficiaries is often greater than the number of benefits.
- While in some of the districts, the local legislators are proactive about promoting export-oriented measures; in other places they are unaware or passive, if not averse.
- Some exporters feel that the government officials at the local level are not adequately informed about the procedures involved in exporting.

Some of the major recommendations are as follows:

- Need to create more ‘informed’ stakeholders at the grassroots level.
- Trainings and supporting policies needed in favour of the small and medium entrepreneurs to help them emerge as exporters of major horticulture and/or handloom products.
- Need to promote the agenda of politics-free development among the political parties.
- Panchayats should be equipped to deal with queries related to export promotion measures and their implications.
- Need to make the West Bengal Marketing Board more effective.
- There is also a need to equip the extension offices of agri-marketing department with increased number of officials and technical expertise.
- There should be export promotion schemes addressing not solely the rich farmers or the big business houses but also the poor and efficient farmers at the grassroots.
- The local media and civil society organizations ought to be sensitized about economic and trade related issues.
- Government should promote formation of farmers’ cooperatives to enhance their bargaining power as well as ensure better returns for their produce.
- Policy-making process should follow a bottom-up approach.

Role of CSOs in ensuring better implementation and wider adaptation of NFTP in particular and economic governance in general:

- It is important for the civil society organizations to cooperate and coordinate in order to raise a coherent voice on the issues of economic governance.
- They can go a long way in developing the grassroots understanding of WTO related issues, globalisation and international trade and other issues of economic governance.
- They can play a significant and a responsible role in ensuring economic literacy at the grassroots.
- The CSOs ought to enhance their engagement with the political parties and the elected representatives who serve to be the links between the local demands and policymaking on the trade related issues.
- The CSOs must make an attempt to carve a space on the advisory committee at the state and there is a need for them to intervene on the issues of economic governance in the state.
- In short, CSOs can look upon themselves as partners, working hand-in-hand with the government towards better adaptation and implementation of the National Foreign Trade Policy.

Asok Santra spoke on **Initiatives to improve market accessibility of export intensive products**. According to him, both Marketing Board and Horticulture Department have to take joint initiatives to enhance export. Basic intention of the NFTP is to reach grassroots and integrate them into international trade. But unfortunately, the Marketing Board has not yet been successful in establishing networks with the growers, though export is taking place.

He shared a peculiar practice in West Bengal – at the beginning of any mango season, the entire orchard is booked by traders. As a result, the growers practically have no role. The traders carry out different treatment, develops the trees through out the entire season. Package of practices on which farmers are trained find no scope for application. Some highlights of his presentation are as follows.

The State Marketing Board is mainly focusing on export of Mango, Litchi and Pineapple from Malda and Murshidabad. For exporting these agricultural products, it is necessary to know who the importing countries are and about their market demand. Rules and regulations of export-import policy are equally important.

The Market Information System however has not yet been developed. Till now, the Board has developed the domestic market scenario in the state. There are 2,918 rural periodical markets, 330 municipal markets, and more than 100 urban markets in West Bengal. It has developed infrastructure of 200 markets under the Integrated Market Scheme.

In order to develop exportable items, it is essential for primary growers (in this case ‘farmers’) to know and be trained in the package of practices, which include high density cropping, inter-cropping, irrigation management, fertilizer management, pesticide management, and about sanitary and phyto-sanitary barriers. APEDA, Agriculture Department and Horticulture Department are working towards this.

He shared that the Marketing Board is going to organise a Growers-Exporters Meet in Malda on 28-29 June, where identification of orchards for exports will be a major feature. He said that CUTS would be invited to participate in this meeting. Registration of these orchards would be the next step followed by registration of packing houses. The Board is also promoting low cost cool chambers. He said that due to lack of cool chambers and cold storages, farmers cannot hold their produce for a longer period of time to get a good price. This is resulting in almost 30 percent post-harvest loss at the farmers’ level.

Pre-harvest inspections are also being done. And to ensure export quality, testing laboratories have to be set up at the grower’s level, pack house level and processing level. He said that public-private participation is necessary to establish these laboratories.

The Marketing Board is trying to disseminate market information among growers, and exporters.

Another factor that hinders export market opportunities is the unimpressive look of Indian fruits, though their qualities are far superior than the fruits being exported from other countries.

S. N. Khara presented on ‘**Small and big producers’ perspective as beneficiaries of NFTP**’. Some of his points are as follows.

The main points he stressed on were: ‘linking of farmers to export markets’ and ‘formal legal contracts between growers and exporters’.

He said that small and medium sized producers’ associations have to be developed in West Bengal.

In recent years, initiative has been taken by Horticulture Department to export mangoes (though a small amount) from Malda to the US.

Another concept he talked about was global gap i.e. different countries have different requirements for importing products.

He felt that there are gaps in export promotion schemes and process. These gaps have to be filled up by a combined initiative of policy makers, Govt. officials, exporters, producers and CSOs.

Biswajit Sen, an exporter from Malda, emphasised that small exporters from district level have been ignored by Government officials. According to him, small exporters do not get the proper guidance from the government officials. Sometimes government officials misguide the first-time exporters. He also stated that there is only one pack house in Malda and the officials of that pack house are not trained. They are highly inefficient.

Anupal Pal, Agriculture Development Officer, Nadia, raised some points. He said export policies sometimes aim at specific products – for example when it comes to exporting rice to different foreign destinations, Basmati rice exporters play a monopolistic role. He pointed out that regionalism or regional considerations creep in while formulating national policies. He also asked whether farmers and weavers from Malda and Darjeeling can benefit from Geographical Indication Act, or from other such policies. He informed that Government of India has eleven organizations that provide organic farming certification.



Samir Ghosh, an exporter from Malda, said that the procedure of mango cultivation is different in different state. Quality of mango exported from Malda and Murshidabad is not up to the mark. Infrastructure is very poor which hinders export.

Naushad Mallick, a farmer from Hooghly, said that West Bengal is the second largest producer of potato in the country but there is no potato processing industry or Potato Research Centre in the state. Excess potato production is a major problem of the potato sector. Krishnendu Nandan, Agriculture Development Officer of Hooghly said that a Potato Research Centre is going to be set up at Pandua.

Nabinananda Sen, while chairing the session, summarised the major points/views expressed by of the exporters:

- information gap is a major barrier for first time exporters;
- many a times there are non-cooperation on the part of government officials, especially to small scale exporters; and
- delay in delivery due to inefficient packing houses is a major cause of not achieving export potentiality of horticultural products.

Session 2

Samir Ghosh, Exporter, Malda

Haripada Basak, Tantuja Samabay Samity, Nadia

Anupam Pal, Agriculture Development Officer, Nadia

Samir Ghosh spoke on **Perspectives of small and big exporters as beneficiaries of NFTP**. Highlights of his presentation are as follows.

One of the major problems of export is that high level corruption exists among government officials.

Though most of the schemes of NFTP are designed to benefit exporters, the Vishesh Krisi Unnayan Yojona (VKUY) is geared to give returns to farmers.

NFTP has benefited the big exporters. Fixation of price of products like rice, onion has been done properly due to provisions made in NFTP.

Government has to take initiative to improve communication between farmers and exporters. Farmers have to avoid middle-man for better livelihood. They should sell their produce directly to the exporters.

He requested CUTS to send the messages of the exporters, weavers and farmers to the policy makers. He hoped that the problems discussed in the workshop would reach central government through the efforts of CUTS.

Haripada Basak spoke on the same issue from the perspective of handloom exporters. According to him, in this era of globalisation, it is not possible for them to compete with many other countries with the existing weakness of the textile sector. Gradually the handloom weavers are being eliminated from the silk market. Technologically China is more advanced than India. China is enjoying monopoly in silk export.

Handloom weavers are not at all consulted in policy making and neither are their concerns incorporated in the policies.

Foreigners demand low cost products as they use and throw. So they are not interested in high priced products. China is exporting good quality silk at lower price as they have better technology. It is difficult for a handloom weaver of West Bengal to produce silk at lower cost, like that in China.

Rate of interest on bank loan has increased from 8.5 percent to 12 percent from 1st April 2007 and this has been affected their trade.

Naushad Mallik, coming from a major handloom-weaving area of Hooghly, said that whatever fund and benefits are allotted for the weavers they do not reach them. Since Dhanekhali in Hooghly and Fulia in Nadia are the traditional centers of West Bengal's handloom sector, government should give more attention to these areas.

Haripada Basak said that in Fulia government help mainly comes through cooperatives. In that area there are six weavers' cooperatives, of which three are big. About 10 percent of the weavers are under such cooperatives and the rest still working under middle-men. Most of them are of the opinion that the government officials are not much interested in improving their condition. Weavers do not have a voice, as they are isolated from the outside world. They are not aware of to whom to address their problems.

Abdul Razzaque from Murshidabad said that thread weavers are in worse condition. The most alarming fact is that silk demand is decreasing every year, and therefore it is likely that the entire silk handloom sector is heading towards closure. They do not have any idea whether government is at all concerned about this.

Anupam Pal emphasised on organic products and their exports. He cited an example from Australia, where government took initiative to market a peculiar fruit which was not in great demand. They processed that fruit and prepared jam, jelly which was distributed and sold in all shops, hotels and gradually they even earned huge amount of foreign exchange by exporting that product. Similarly, in West Bengal, there are many fruits other than mango which can be processed and its by-products like jam, jelly can be marketed and exported.

Messages for Future Research

There is a need to understand the process of formulation of the National Foreign Trade in a more comprehensive way.

Need for research on export potentiality of specific products like mango and pineapple, and specific handloom and textile products.

To understand whether and how, as a result of the implementation of the National Foreign Trade Policy of India, 2004-09, employment-intensive exports have increased from the state.

To look into the overall employment generation aspects these specific exportable products with special focus on the marginalised sections of the society and women.