

3-pronged strategy for agro exports

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CHANDIGARH, Dec 3 — The Commerce Minister, Mr Pranab Mukherjee, said today that the success of India's efforts to expand its existing market and promote new ones would depend on giving up its dependence of primary commodities and rapidly going in for adopting of technologies for post harvest processing and value addition.

Inaugurating the National Conference on Agro Exports at the Agro-Tech '94 organised by the Confederation of Indian Industry, the minister emphasised that India should quickly shed its image of being a producer and exporter of low yielding and inferior quality primary commodities to high quality final products which could be accepted for use by the average consumer in the international community.

In this context, he suggested a three pronged strategy. The export basket must be expanded. This could be done by promoting fruits and vegetables and other products which had large base of production such as grapes, mangoes of varieties other than Alphonso, banana, litchi etc. Concentrate on those products where there was a large international demand and production could be geared up to capture a major share of the international market as in the case of mushrooms, tomato paste, tropical fruits juices, pulps and concentrates. Alternate and cheaper modes of transportation like refrigerated sea transport should be developed as air freights would become increasingly costly.

India, Mr Mukherjee pointed out, was the second largest producer of fruits in the world after Brazil and vegetables after China with an estimated annual production of 30 million tonnes and 59 million tonnes respectively. However, less than 0.5 per cent of the production was commercially processed and less than 0.5 per cent was exported. Moreover, the bulk of exports of fresh fruits had been of Alphonso mango. Similarly, bulk of exports of vegetables had been onions which had been confined to West Asia and the UK.

Mr Mukherjee said post-harvest handling remained one of the weakest areas of the agricultural marketing system in the country. The irony was that the country could ill-afford to neglect this vital area. Storage losses in foodgrains were reported to be as high as 8 per cent and the losses in fruits and vegetables had only been estimated on a very rough basis. The group on perishable agricultural commodities headed by Dr S. Swaminathan had estimated that the actual post-harvest losses were as high as 25-30 per cent of the value of the produce,

depending on the perishability of the product. At this scale, the post-harvest losses in fruit and vegetables alone were estimated to be Rs 3000-4000 crore per annum.

Frequent changes and inconsistency in the government policy relating to agricultural exports used to be an inhibiting factor for the growth of agricultural exports in the past. The government had therefore taken steps to announce a stable and transparent policy for five years from 1992-97. Most of the restrictions on agricultural exports had been removed. Only two items were still on the negative list namely beef and tallow.

Mr Mukherjee emphasised that the government was determined to give further thrust to agricultural and food products considering that agro exports had low import intensity, that they could help provide larger incomes and employment in the farming sector, and that they had diverse agro-climatic conditions which permitted us to produce fruits, vegetables and flowers for export round the year. He had no doubt in his mind that with the various strengths and advantages that the country had, and with the conducive policy environment which had been created, India could hope to convert itself from a minor participant in the

world trade in agricultural and food products to a major player.

Dr Manohar Singh Gill, Election Commissioner and former Union Agriculture Secretary, emphasised that the commercialisation of agriculture should be our national objective. While advocating it, he was fully conscious that food security was country's primary concern. However, he believed that the needs of food security were better met by way of exchange and not merely by huge storage of foodgrains at enormous costs to the exchequer.

Given a conducive environment, Indian agriculture and agriculture based exports had the potential to become a major foreign exchange earner. Unfortunately, the share of agro exports in India's total export basket declined from 20 to 25 per cent 1970-71 to 18.7 per cent in 1991-92. However, the trend was now being reversed. Given the sector's potential for generating rural employment and wealth, together with its low import intensity, any long term strategy for strengthening of India's economic would have to lean heavily on agriculture and agro based exports.

He emphasised that the process of liberalisation in agriculture at home should not end at the primary commodity level. The hurdles in processing activities also needed to be

cleared. There did not seem to be any rationale in still continuing with the licensing policy for sugar and edible oil industries. Similarly, reservation of farm implements industry or rice milling industry for the small scale sector did not make any sense under the changing economic scenario.

Dr Gill called for opening up export of most of the agricultural commodities. To begin with, exports of all superior varieties of commodities could be allowed. Simultaneously, import of coarse cereals to be allowed to fill the domestic vacuum. The net result would be significant gains from trade without adversely affecting the poor, and at the same time giving a signal to producers to go for high value, superior varieties of different crops. He also wanted the demographic policy to be treated as an integral part of agricultural policy. He called for stringent measures of family planning to control population.

Others who spoke at the conference included Mr Gokul Patnaik, Chairman, APEIDA, and Mr Deepak Singh, Chairman, CII, northern region. The conference was divided into two sessions. The first session was on meat and dairy products and the second session was on fruits and vegetables where experts from India and abroad made presentations on different aspects of the processing industry.



Mr Pranab Mukherjee, Commerce Minister, Mr Deepak Singh, Chairman, CII Northern region and Mr Piyush Bahl, Regional Director, CII, at the National Conference on Agro Exports at Agro-Tech '94 at Chandigarh on Saturday.