New National Agricultural Policy

Importance in International Trade and

Issues related with small and marginal farmers of Northeastern State

Author’s declaration: I do hereby declare that this research article is solely authored by me

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Abstract : agriculture – exports and international trade- assam’s economy and northeast- national agricultural policy – tarrif – farmers.

Acronyms and Abbreviations

ABC Agri Business Center

AC Agri Clinics

APEDA The Agricultural and Processed Food products Development And Authority

APMC Agricultural Produce Market Committee

FPO Farmers Producers organization

FIEO Federation of Indian Export Organization

GI Geographical Indication

GVA Gross Value Added

GHG Green House Gas

ICP Integrated Check Post

KCC Kisan Call Center

MSP Minimum Support Price

PKVY Paramparagat krishi Vikas Yojna

SDG Sustainable Development Goals

TFO Total Financial Outlay

WTO World Trade Organisation

FOREWORD

This article examine the present status of agriculture in North east and identify the major constraints affecting the growth of agriculture in the northeastern state. It suggest some policy challenges to mitigate the problems of agriculture development. Fiscal year starts from 1st April to 31st March. GDP by sector i.e. agriculture, industry, services sector remain at 25%, 30% and 45% in 2021- 22.

1.INTRODUCTION

1.1 Agriculture plays a vital role in India’s Economy. Nearly 54.6% of the population is engaged in agriculture and allied activities (census 2011) and accounts for 17.8% of the country’s GVA for the year 2019- 2020 ( at current prices).

1.2 India”s agricultural exports are anticipated to exceed US$ 50 billion for the first time fiscal year. Union government has announced new National Agricultural Policy in the Parliament on July, 2000. This policy has been planned under the provision of WTO so as to face the challenges of agricultural sector . This policy gives emphasis on promoting agricultural exports after fulfilling domestic demand.

1.3 The economy of Assam is largely agricultural based with 69% of the population engaged in it. In fiscal 2020-2021, as much as 15,273 MT of agricultural and allied products worth Rs 63.53 crore were exported from the State. The exports items were mainly dairy products, fruits and jiggery, besides other agricultural products. Agricultural and allied products from Assam worth Rs 1799.32 crore were exported to 88 countries during 2021-22. Overall, the Northeastern states exported agricultural and allied products worth around Rs. 1813.73 crore,which means that Assam contributed lion’s share of such exports. The agricultural and allied products exported from these States including tea, cereal, dairy products rice ( other than Basmati), Ayush and herbal products, sesame seeds, spices, marine products and oil meals.

1.4 According to sources of Agriculture Department, major importers of agricultural and allied products from Assam during 2021- 2022 included the United Arab Emirates ( goods worth Rs 301,05 crore), Russia( Rs.265.13 crore) UK (Rs 186.97 crore),Iran (Rs. 165.54 crore), Iraq( Rs. 121.72 crore) Germany (Rs.90 crore) USA Rs 61.65 Crore, China (Rs 58.90 crore) Kazakhastan (Rs 42.13 crore), Burkina Faso (Rs 32.91 crore) the Netherlands Rs. 32.91 crore) the Ireland ( Rs 30.84 crore). Sri Lanka 24.26 crore, Saudi Arabia ( Rs. 23.32 crore and Poland (Rs 22.79 crore).

On the otherhand, neighbouring countries that imported agricultural and allied products from Assam included Bhutan ( Rs43.79 crore) Bangladesh Rs 27.41 crore and Nepal Rs(6.87) crore.

1.5 Assam along with other Northeastern States has one of genetic variability and diversity of different kinds of fruits ,vegetables, spices , ornamental plants and also medicinal and aromatic plants. The region as a whole offers scope for cultivation of a wide variety of horticultural crops because of a wide variety of horticultural crops because of its diversities in topography, altitude and climatic conditions.

Table: 1: New National Agricultural Policy

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| --- |
| New National Agricultural Policy  The salients features of this policy are:   1. 4% growth rate per annum for the next two decades. 2. Land reforms to provide land to poor farmers. 3. Consolidations of holdings in all states of the nation. 4. Promoting private investments in agriculture . 5. To provide insurance umbrella for crops to farmers. 6. To promote biotechnology. 7. Promoting research for developing new varieties and ensuring protection to the developed varieties.   New Agricultural Policy has been described as “Rainbow Revolution” which includes the following Revolutions:  1.Green ( Food Grain Production)  2. White (Milk)  3. Yellow (Oil seeds)  4.Blue ( Fisheries)  5.Red (meat tomato)  6.Golden ( Fruits Apple)  7.(Grey Fertilizer)  8.Black Brown ( non conventional energy sources)  9. Silver (eggs)  10.Round ( potato)  The above Rainbow Revolution also includes “ Food Chain Revolution to put a check on destroying foodgrains, vegetables and fruits. |

Source : Indian Economy Issues 2016, Pratiyogita Darpan

2.Establishment of Agri Clinics and Agri Business Centres (AC & ABC): Candidates from North Eastern States are entitled for an additional benefit of 445 subsidy on the total financial Outlay (TFO) as against to 36% for general category candidates. Details of candidates trained and venture established since the inception till December, 2020 is given below.

|  |  |  |
| --- | --- | --- |
| Serial No. State  1.Arunachal Pradesh  2. Assam  3. Manipur  4.Meghalaya  5.Mizoram  6.Nagaland  7.Sikkim  8. Tripura | Candidates trained since inception  35  756  472  36  35  184  9  05 | Ventures established since inception  3  227  128  3  0  21  01  01 |

3. Kisan Call Centers (KCC’s): The KCC located at Guwahati caters to the needs of Arunachal Pradesh, Assam, Manipur and Nagaland and the KCC Located at Agartala caters to the needs of Tripura, Mizoram and Meghalaya. For Sikkim the KCC is located at Kolkata ( west Bengal). Queries are replied in different languages depending upon the area from where the query is received.

4. Importance of International Trade:

4.1 Agrarian exports from Assam Rs. 4000 crore in 2022-2023 despite the absence of adequate export infrastructure in the state.

According to the Assessment of the Federation of Indian Export Organizations (FIEO) an organization under taken by the government of India exports of agrarian products from Assam will touch the Rs 10,000 mark by 2026 -2027. According to FIEO, 70 percent of the total exports in this sector from Assam are from five districts Karbi Anglong, Dima Hasao, Dhemaji Sonitpur and Udalguri.

According to the APEDA sources in the past six year exports from Assam have registered an 85% growth. The exports items of Assam are bhoot jalakia, pumpkin, jack fruit, litchi, pineapple, ginger, turmeric , joha rice , black rice, red rice etc. According to sources the demand for Assam honey, spices, porks etc. has risen in some countries. The prime importance of such items from Assam are the Middle East , the UK, South Asian Countries, Bangladesh etc.

According to FIEO,the state has as many as 11 items that have GI tags. Those are

Muga Silk (2007 -08), Assam Orthodox Tea (2008 – 09), Assam Muga Silk Logo, (2013 – 14), Karbi Anglong Ginger (2014-15), Tezpur Litchi (2014-15), Joha Rice 2016-17), Boka Choul (2018-19), Kaji Nimu (2019 -20), Chokuwa rice ( 2019-20), Judima ( a drink of the Dimasas) (2021-22) and Assamese Gamosa.

According to source, the DoNER Ministry’s North Eastern Regional Agricultural Marketing Corporation (NERAMAC) 13 Agricultural products has GI tag. Those 13 products are

Arunachal Pradesh Orange, Tezpur Litchi and Karbi Anglong Ginger of Assam, Kachai Lemon and Chak Hao Black Rice of Manipur, Khasi Mandarin orange and Memang Narang Orange of Meghalaya, Mizo Chilli of Mizoram, Naga Tree Tomato and Naga Sweet Cucumber of Nagaland, Queen Pineapple of Tripura and Sikkim Large Cardamom and Dalle Khursani Chilli of Sikkim.

The organic farming industry has also increased demand for such items abroad. Till December 2022 the exports from the state stood at Rs 3081 crore and would be 4000 crore by april.

Farmers from the Northeast do not get recognition for their products as the region has no direct flights to the export destination countries. The items sent export from Assam and the Northeast go to Kolkata or New Delhi airports where they get the tag of the exporting agencies. This apart, the region has no facility for certification of organic products go to Kolkata for testing and that takes time. The lack of adequate vehicles with refrigeration facilities in the state and the region also leads to the damage of perishable items. The state government encourage the local youths to opt for organic farming and reap the benefits.

The development achieved so for in this sector is the outcome of the efforts put forth by APEDA and a few international export agencies.

4.2 International Trade is the exchange of raw materials goods and services across the geographical borders of countries across the globe to utilize the globe to utilize the comparative advantage of each country. International trade and economic growth have gained substantial importance with the introduction of trade liberalization policies in the developing nations across the world. Trade data Shows fluctuations in trade volumes and trade flows both in case of regional and cross border trade. Trade information provides an idea about the overall performance of the world economy Trade in agricultural products accounts for less than ten percent of the world merchandise exports but is perhaps the most volatile of trade issues. India agri exchange gives country wise exporting data of agriculture products and commodity wise also for Indian Agro products exporters to make sense the International trade trend of Agro products to install awareness to gear their expo sure towards global.

4.3 The most common way to protect one’s economy from

import competition is to implement a tariff structure i.e. a tax on imports. In generally a tariff is any tax or free collected by a government of the importing nation. Sometimes the term ‘tariff’ is used in a non trade context however the term is much more commonly used to refer to a tax on imported goods. Tariffs are worth defining early in an international trade since charges in tariffs represent the primary way in which countries either liberalize trade or protect their economies. It is not the only way though since countries also implement subsidies, quotas and other types of regulations that can affect trade flow between the countries. Trade liberalization generally mean reducing the tariffs on imported goods, thereby allowing the products to enter at lower cost. Since lowering the cost of trade makes it more profit able it will make trade freer . A complete elimination of tariffs and other mean by free trade. In contrast any increase in tariffs is referred to as protection. Because tariff raise the cost of importing products from abroad but not from domestic firms they have the effect of protecting the domestic firms they have the effect of protecting the domestic firms that compete with imported products. Government generally impose tariffs to raise revenue and protect domestic industries from foreign competition caused by factors like government subsidies or lower priced goods and services.

Over 20% YoY increase in export of Agricultural and allied products between two FYs 2020 & 2022 export of agriculture and allied products has witnessed significant increase during the last few years. In 2019- 20 the export of agricultural and allied products was valued at Rs. 252400 crore which increased to Rs 310130 crore in 2020 21 an increase of 22.87% and touched an all time peak of Rs. 374611 crore during the last one year i.e. 2021-22 an increase of 20.79%.

5. Export Strategy for Northeast: the export of agricultural produce from the North eastern witnessing more than 85% growth. Assam accounting for 94% of the total export value and the other seven states together accounting for just six percent in 20221-22. Data released by ministry of commerce region about the export of agricultural products from the region increased from US Dollars 2.52 million in 2016 -17 to USD 17.2 million in 2021-22 with major destinations of export being Bangladesh Bhutan the middle east the UK and Europe. Agriculture Ministry show that the total export value of agricultural and allied products of Rs 1,813 crore of the region in 2021- 22 Assam account for export worth Rs 1700 crore with tea continuing to dominate the space in the export basket. The growth in exports can be attributed to several initiatives taken by the agricultural and processed.

The Agricultural and Processed Food Products Development and Authority ( APEDA) under the ministry of commerce and industry for the promotion of export of agricultural and horticultural products from the region. These include organizing field visits of importers who were mostly from the middle east for eastern countries European nations and Australia to have first hand information about the qualitative cultivation practices being followed by farmers in the Northeast capacity building programs on export awareness on export awareness and facilitating buyer seller meets. The APEDA organized 136 capacity building programs and 22 buyers seller meets in the last three years and a quantum jump in these numbers can be expected to take exports from the region to the next significant level if not to the optimal level.

Exports of Tripura’s Jack Fruit, Assam Lemon Betel leaves and Nagalands King chilli to London, Assam’s Leteku(Burmese Grape) to Dubai are some of the success export promotion of the region. The export of delicious and Geographical Indication’s (GI) tagged Litchi to London in this year is expected to benefit a large numbers of small and marginal farmers and also lead increase in production to cater to growing export demand. According to the Ministry of Agriculture , the region’s climate condition is favourable for growing a variety of horticultural crops including a range of fruit crops and the traditional knowledge of the farmers in organic production offers huge scope for diversification the export basket of the region. With 98% international boundary tapping the next door market has become easier for the region with the Northeast being central to India’s Act policy for its engagement with the Asean countries and Neighbourhood first policy has deepened its engagement with Bhutan Bangladesh Nepal and Sri lanka. The export base in the region is also reflective of the miss match between the pace of growth of export infrastructure in the form of Integrated Check Post (ICP) and export promotion initiatives. The work of ICP Dawki located in West Jayantia Hills in Meghalaya bordering Bangladesh is a pointer in that direction. The construction work of ICP sabroom in Tripura has commenced after more than a year elapsed. The proposed ICP Sabroom town to Chittagong Part in Bangladesh Through the Maitree Bridge on river Feni Will provide vital access to the region to sea route and its early completion is crucial to boost the export of agricultural and allied products from the Northeast and capturing a larger export market.

Fast tracking the work of ICP’s and establishing more ICP’s well connected to export hubs in the states up to the district level will be crucial in achieving the desired growth of export in each North Eastern State . Reviewing the export strategy for the region is the need of the hour.

6. India’s promising New Agricultural Policy: The pandemic lock down across the country has brought economic activity to a near halt. Amid this situation the government is expecting that agriculture sector could be a silver lining for the Indian economy.

The Indian agriculture sector is also on the verge of a significant transition. The government through the new agricultural policy allows farmers to sell their produce to whomever and wherever they want. Farmers would have to harness new innovations to match the changing dynamics and stay updated with market knowledge.

The ambitious farm liberalization agenda of the government in the form of Three Bills which were currently enacted in the legislation could be a new way of engaging food producers and their buyers. These three bills would work to reduce inefficiency through productive investment and allow free trade between farmers and buyers. This new policy would also provide a requisite forum for buyers to avail the correct remuneration sell their goods.

7.New Agricultural Policy: The Three Agri Reforms in September 2020, three agri reforms bills---

1. The Farmers ‘ Produce Trade and Commerce (Promotion and Facilitation ) Bill, 2020

2. The Farmer’s (Empowerment and Protection) Price assurance and Farm Services Bill, 2020 and

3. The Essential Commodities ( Amendment) Bill, 2020 were introduced by the government as a step to raise farmer’s incomes in the coming years.

7.1 The farmers Produce Trade and commerce ( Promotion And Facilitation Bill 2020): At present the Indian Farmers face difficulties because of various restrictions including limitations to selling their commodity only to the state governments registered licensees and prohibition on selling produce outside the notified APMC market yards. Along with this due to prevalence of various APMC laws by the state governments, there are hindrances in the free flow of agricultural trade between states.

The new bill seeks to build an environment where in farmers and traders can enjoy the freedom of choice regarding selling and purchasing of produce ,this will facilitate remunerative prices through competitive , alternative trading channels to promote efficient open and barrier free interstate and intrastate trade.

7.2 The Farmers (empowerment and Protection) Agreement of price assurance and Farm Services Bill 2020: with an aim to transform the agriculture sector , the new bill seeks to provide a national agricultural agreement system that protects and empowers farmers to interact equally and transparently with agribusiness companies, processors, wholesalers, exporters or major retailers in the field of agricultural services and sell future agricultural produce at mutually agreed remunerative price structures. This law would shift the risk of market unpredictability from the farmers to the sponsor and allow the farmer to across new technologies and better inputs. It will reduce the marketing costs and increase farmers earnings.

Farmers can participate in direct marketing so that the inter media rises are eliminated resulting in maximum price realization. Through this bill, farmers have been given adequate protection and with clear timelines for redress, an efficient dispute resolution process has been established. 7.3 The Essential Commodities (Amendment) bill, 2020: Although India has become a surplus in most commodities the entrepreneurial spirit has dampened because farmers have been unable to get better prices due to the lack of investment in cold storage warehouses, refining and export services. When there are bumper harvest especially of perishable commodities farmers suffer huge losses.

The new bill aims to exclude items from thev list of essential commodities such as cereals, pulses, oilseeds, edible oils, onions and potatoes. This will alleviate concerns of undue regulatory intervention by private investors in their business operations. The ability to grow keep transport, distribute and supply will harness the economies of scale and draw direct private sector foreign investment into the agricultural sector.

7.4 Agri Reforms: Steps in a Positive Direction. The new reforms are likely to provides farmers with an environment where they can sell their agricultural produce in any part of the country. So far, farmers have relied on their respective state mandates to sell their produce, however, the new legislation establishes infrastructure that will ultimately reduce the reliance of farmers on selective mandis. Also the new legislation ensures that the minimum support price mechanism and land tenure security will remain in place to place to protect the interests of farmers.

The government stated that these reforms are intended to support small farmers who donot have the resources to either bargin for their produce to get a better price or invest in technologies to increase farm productivity. The reforms aim to accelerate growth in the industry through private sector investments in building infrastructure and supply chains for farm products in domestic and global markets.

The agrimarket bills seek to allow farmers to sell their goods to anyone they want outside the APMC’s mandis. Farmers can get better prices through cost cutting on transportation . however introduction of these three bills may mean that states would lose their “ commissions” and “mandi fees”. The contract farming legislation would allow farmers to enter a pre agreed price deal with agribusiness companies large retailers.

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| Agri Reforms Bills | Pros | Cons |
| The Farmers Produce Trade and Commerce Protection and Facilitation Bill, 2020  The Farmers (empowerment & protection) Agreement of Price Assurance and Farm Services Bill 2020  The Essential Commodities ( Amendment) Bill 2020 | 1. Permits the sale of produce outside the Agricultural Produce Market Committee ( APMC) mandis.  2. No cess or levy outside the mandis will be charged to farmers.  3. Permits interstate trade of agricultural produce.  1. This policy encourages Contract Farming wherein farmers enter into direct contracts with buyers who want to purchase farm produced by removing intermediaries appointed by the state APMC.  1. It deregulates manufacturing , storing and selling of a range of food products including cereals, pulses, edible oils, and onions except in rare situations.  2. It can bring in new investments from FDI and large companies in infrastructure provisions e.g.,cold storage. | 1. The state’s income from the respective mandis would be lost. While the bill proposes to abolish the middleman, farmers across various states believe that the scheme would lead to the end of Minimum Support Price( MSP) regime. 2. Given that companies might be more interested in dealing with groups of farmers and not with individual farmers, the probability of conflicts wii increase. 3. Dealing with an agent is much better from a business point of view. 4. If prices of perishables increase by 100% or non perishables by 50% the Act can be invoked. 5. This legalizes hoarding effectively , which can be devastating for prices of vital commodities such as vegetables and pulses. |
| International year of Milllets the United Nations General Assembly in its 75th session during March 2021 declared 2023 the International Year of Milets(IYM). | | |
| 1. Millets are food with high nutritional value are climate resilient and align with several   UN Sustainable Development Goals( SDGs) | | |
| 1. India produces more than 50.9 million tones as per fourth advance estimate of millet which accounts for 80 percent of Asia’s and 20 percent of global production. The global average yield is 1229 kg where as India has a higher average yield of 1239 kg. | | |

8.Organic and Natural Farming : india has 44.3 lakh organic farmers the highest in the world and about 59.1 lakh ha area was brought under organic farming by 2021- 22. Sikkim became the first state in the world . organic farming is being promoted through Farmers Producers Organisation (FPO) under the Paramparagat Krishi Vikas Yojna (PKVY) & Mission Organic value chain development for north eastern Region.

9.Conclusion: the three new reforms would allow farmers to escape the plight of restrictive trading practices and cartel operations, placing their new reforms would allow farmers to escape the plight of restrictive trading practices and cartel operations, placing their welfare at the heart of the development agenda. The clear aim of these reforms is to ensure freedom of choice for farmers in the agribusiness market place. Similar to what industrial delicensing did in 1991,

10.Comments: Development of an environmentally sustainable global food system ensuring food and nutritional secure and increasing from income by cost minimization and yield maximization. World’s food system contributes to about one fifth of global green house gas (GHG) emissions.

ICAR during 2020 and 2021 released a total of 731 new varieties of field crops and 98 of horticultural crops during 2021-22.

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