Draft Agriculture Export Policy

Why in news?

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A new Draft Agriculture Export Policy was released recently by the Ministry of Commerce and Industry.

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What are the objectives?

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- The 'National Agriculture Export Policy' is formulated in line with the vision to double the farmers' income by 2022.
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- It is also towards the goal of increasing the share of agricultural exports from present about USD 30 billion to over USD 60 billion.
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- Getting to one of the top 10 exporting countries of agricultural products is also one of the goals.
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What are the concerns addressed?

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- **Trade** - India is today a leading global producer of foodgrain, dairy and several horticultural crops.
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- But it holds a minuscule 2.2% share in global agri-exports.
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- It is stuck at the lowest rung of the value chain, and India’s farm exports are highly reliant on a handful of commodities.
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- These include marine products, meat, rice and plantation crops.
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- **Shortfalls** - Exports even in these items are frequently interrupted by self-

imposed and arbitrary trade curbs.
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- State-level curbs on movement of produce add to already high costs from fragmented farms and poor logistics.
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- High rejection rates on consignments due to poor quality, antibiotic and pesticide residues and other phyto-sanitary grounds are major concerns.
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- **Farmers** - Bumper crops continued to trigger a meltdown in food prices.
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- Policy interventions such as e-Nam and the repeal of the APMC Acts by States have made scant progress.
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- **Policy** - Domestic price and production volatility of certain agricultural commodities lead to using the existing policy for short-term goals.
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- These include taming inflation, providing price support to farmers and protecting the domestic industry.
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- These decisions may serve the immediate purpose of maintaining domestic price equilibrium.
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- However, they end up distorting India's image in international trade as a long term and reliable supplier.
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- It is thus imperative to frame a stable and predictable policy.
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What are the key recommendations?

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- **Infrastructure** - The policy stresses on improving the infrastructure, and storage and exit point logistics.
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- It suggested a comprehensive need-gap analysis of existing export oriented infrastructure across the value chain for this.
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- **R&D** - The policy emphasised promoting R&D activities for new product development for the upcoming markets.
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- Increased focus on R&D, new varieties and state of the art lab for effective accreditation and monitoring is called for.

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- This will be part of the efforts towards establishing a strong quality regime.
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- Besides, the policy stressed the need to ensure greater interaction between the various research organizations and industry bodies.
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- **Exports** - The policy aims to boost high value and value added agricultural exports, focusing on perishables.
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- Improving the institutional mechanism for tackling market access barriers is suggested as a measure.
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- Dealing with sanitary and phytosanitary issues are also the priorities.
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- Processed agricultural products and all kinds of organic products will not be brought under any kind of export restriction.
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- **APMC** - Monopoly of the Agricultural Produce Market Committee (APMC) is a long existing concern.
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- It prevents private players from setting up markets and investing in market infrastructure.
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- APMC across states have not been able to achieve farmers' welfare envisaged in these acts.
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- The policy hinted at continuing the efforts with state governments to remove perishables from their APMC Acts.
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- It also suggested better coordination between central ministries that are now working at cross-purposes.
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- **Mandi** - State governments would also be urged to standardize/ rationalize mandi taxes for largely exported agricultural products.
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- Simplification or uniformity of mandi/agricultural fee across states will create a transparent supply chain.
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- This will empower the farmers, providing wider access to markets and enabling free trade across the country.
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- **Products** - It is proposed that the agricultural export policy must focus on promotion of value added, indigenous and tribal products.
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- Development of organic export zones/organic Food park with an integrated approach is suggested to help promote shipments.
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- **Agency** - Global bodies like US FDA and European Food Safety Authority are empowered to frame, regulate and implement policies related to both agricultural production and trade.
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- The draft policy considered working towards bringing in similar agencies in India.
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- **Besides** the policy made a case for promoting contract farming as it would help in attracting investments.
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- Some of the other notable recommendations include:
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i. promotion of region-specific clusters for lucrative crops
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ii. coordinated branding efforts
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iii. a shared database for exporters on market intelligence and export rejects
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iv. quality assurance at the farm
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v. wider adoption of land leases
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Source: Economic Times, BusinessLine

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