Editorial Comments

KALIA – Odisha's Answer to Loan Waivers

Odisha unveils livelihood and Cultivation assistance scheme for farmers

Odisha has shown the way for the rest of the country. At a time when the country has started to believe that loan waivers are the sole solution for all problems associated with agriculture and farmers, Odisha has put forward a praiseworthy scheme that is based on long term solution to address declining profitability of agriculture and mounting debts of the farmers.

Christened, KALIA (Krushak Assistance for Livelihood and Income Augmentation), the scheme guarantees to provide financial, livelihood and cultivation support along with insurance support to small, marginal and the landless farmers. KALIA is expected to benefit about 92% of the farmers in the state and the government has earmarked Rs 10,180 crore for the plan in 3 years.

The scheme provides financial assistance of Rs. 25000 for cultivation per farm family over five seasons to small and marginal farmers to purchase inputs, labour and other investments. The scheme also has provisions for financial Assistance of Rs 12,500 to be provided to each landless Agricultural Household for agricultural allied activities like for small goat rearing unit, mini-layer unit, duckery units, fishery kits for fisherman, mushroom cultivation and bee-keeping, etc. Cultivators and landless agricultural labourers are also addressed in this scheme as they are entitled of a financial assistance of Rs 10,000 per family per year to enable them to take care of their sustenance. Ailing and old vulnerable cultivator and landless agricultural labourers are also covered under this. Another notable feature is the inclusion of Life insurance cover of Rs 2 lakh at a very nominal premium of Rs 330/ that will be provided to all savings bank account holder of age between 18-50 years. Odisha government will bear farmers' share of the annual premium of Rs 165. Personal accident cover of Rs 2 lakh at a very nominal annual premium of Rs 12 for all savings bank account holder aged between 18-50 years. Out of Rs 12 towards premium, Rs 6 is the farmers' share, which will be borne by the state government. A beneficiary whose age is between 51-70 years, the entire amount of Rs 12 towards annual premium will be borne by the government. Vulnerable landless labourers, cultivators and agricultural families identified by Gram Panchayats will be provided with crop loans up to Rs 50,000 made available at 0% interest.

With this scheme, Odisha has refused to join the mad rush of loan waivers being experienced nationwide. By declining to give into this credit indiscipline, the government has given due credit to the farmers who have repaid the loans dutifully. The scheme has addressed the weaker sections of the society and not only are the farmers but also the share croppers have been addressed in this scheme. Agriculture cannot survive on hand outs. If the cultivators/ farmers are properly recognized for their work and suitably supported through incentives, they will be more keen to invest in new technologies and better inputs. Most of the times, the financial difficulties forces them to settle for inputs/ technology that are less efficient/ out dated. Schemes like this give them an opportunity to explore different frontiers.

However, the success of schemes such as this depends a lot on implementation. The scheme requires a robust administrative and financial resources to identify the beneficiaries and implement the scheme. It remains to be seen how far Assam can fare in this scheme with their current resources. The initial stages may be filled with short comings. Nevertheless, a fresh start has been created. Hopefully it will remain as a reminder for all the political leaders, that there are alternatives to loan waivers which promises to engender all round development in agriculture.

Go GI

Geographical Indication tags can be a precursor to better income and brand capitalization

Alphonso, has yet again courted controversy. This time it is regarding the authenticity of the Alphonso variety from Karnataka. The GI tag that was earned by Alphonso grown in five districts of Maharashtra last year, categorically denies any other mangoes to be branded the same and hence the farmers who were growing this variety for years in other places are no longer considered to be growers of Alphonso.

Alphonso in India is typically grown in western India including places such as Sindhudurg, Ratnagiri and Raigad districts and in the Konkan region of Maharashtra, India. Apart from Maharashtra, Telangana and Karnataka have been cultivating Alphonso. Whereas the plantations in Ratnagiri are very old, the ones in Karnataka are relatively new and were planted in the last 10 to 15 years using high-density cultivation techniques.The Geographical Indication (GI) tag from the Geographic Indication Registry, has only been conferred to Alphonso from Ratnagiri, Sindhudurg, Palghar, Thane and Raigad districts of Maharashtra. A Geographical Indication or a GI is an indication used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. Such a name conveys an assurance of quality and distinctiveness which is essentially attributable to its origin in that defined geographical locality. The law surrounding GIs protects producers and their reputations and reassures consumers that a product of the origin stated on the label is authentic.

As mangoes from the four districts have received a GI tag, mangoes from other States with similar features, cannot be sold as Alphonso or Hapus mangoes. Such mislabelling of mangoes can attract penal action under the Geographical Indications of Goods (Registration and Protection) Act, 1999. Violation of the act attracts a jail term of six months and Rs 50,000 penalty. The pre-season Hapus Mangoes that have started to arrive in small quantities in the market have therefore irked the Maharashtra growers and a possible law suit is in the offing. The aura of hard earned GI tag by the Maharashtra growers seems to be withering away in front of the new growers.

So far, GI tag has only been used in asserting ownership and not in commanding the market or preserving the identity of the tagged products. So far, the states have been vehemently contesting for validating their authority over some chosen products and once the GI tag is obtained, no further activities ensue to protect and enhance the markets of these products. There is no recognized growers' association taking charge of the GI. No adequate resources have been put forward to promote and grow these products in India by focusing on its uniqueness, taste and place of origin. In the case of Hapus, considerable efforts must be put into setting quality standards, better packaging; creating a visible logo and design that easily identifies the genuine Hapus, and ensures its distinctiveness; educating consumers on the superiority of this succulent variety of mangoes.The occasional spat that India gets into with the exporting countries on account of poor phytosanitary grounds is a pointer towards slack attitude towards phytosanitary issues. Alphonso has been repeatedly banned by different countries due to failed sanitary standards. The growers association can work tremendously in these directions to facilitate smooth exports, understanding the standards set by the importing countries.

Resources must be spent in organized marketing and value creation to grow the exclusivity and premiumness attached to the GI products. Global recognition and awareness, can make them a preferred brand or product. GI tag should be considered the beginning of expanding the global market for the product and not the end game.

Editorial Comments

Monsanto Wins the Battle

SC rules in favour of Monsanto in Patent Case

The once sluggish agri biotechnology sector has woken up with the recent victory of Monsanto in Supreme Court in a patent case in India regarding genetically modified (GM) cotton seeds. With the court declaring that Monsanto's BT cotton patent was valid, a jubilant atmosphere has been created among biotech firms and the farmers are expecting new improved seed varieties.

India approved Monsanto's GM cotton seed trait in 2002 and an upgraded variety in 2006, which played a pivotal role in transforming the country into the world's top producer and second-largest exporter of cotton. But newer traits have not been available since the company withdrew an application in 2016 seeking approval for the latest variety due to a royalty dispute with the government and worries over patent claims. The government had earlier stepped in and had cut the royalty fees. While the government put a ceiling on the prices of seeds – Monsanto's seed prices were cut from Rs 930 per bag to Rs 800 and, within this, its royalty was cut from Rs 170 to Rs 49.

The Supreme Court's ruling, although addresses the patent claims, the skepticism is still rife in the biotech sector. The government has been exerting some undue pressure on these seed giants. India's agriculture ministry has twice slashed royalties in the past two years, apart from cutting cotton seed prices. The prices of its seeds and, within this, the royalty are already under government control; the government had also introduced a proposal to cap royalty rates, though this was later withdrawn. The government could step in again to decide the rate of royalty, which could be really miniscule in comparison with the cost of developing a really good product.

Also till recently, every seed firm required an annual No Objection Certificate (NOC) from Monsanto whose job was to ensure the right processes were being followed – this was critical if Monsanto was to be responsible for any problems with the seeds. The government, however, removed the annual NOC requirement; as a result, if these firms choose to not pay royalty, there is little a Monsanto can do except to file a civil suit which can take decades to resolve.

Biotechnology being an expensive affair, warrants investment. But with arbitrary intervention by the government in pricing, newer technologies will be eluded from the Indian agriculture sector, especially at a time when the country is in desperate need to battle new challenges of climate change and associated threats.

Protection of intellectual property encourages innovation which is crucial in bringing new technologies to the farmers. A favourable environment must be created to encourage investments and promote new technology in the country. The government should intervene at times of irrational pricing and demands and protect the interests of the farmers. But at the same time, the government should also be sensitive to the investing firms and should also be careful of not creating a negative image of the country.

Biotechnology is definitely going to play an important role in tomorrow's agriculture. Farmers have also started to understand the potential of biotechnology in agriculture. Their faith in this technology explains the wide adoption of the second generation BT seeds and clandestine cultivation of the herbicide tolerant seeds of cotton. At a time, when income levels of farmers are falling, the government should invest in technologies, other than tampering with credit discipline.

Stretching India's Rubber Potential

India hints at National Rubber Policy

Union Minister for Commerce and Industry, Suresh Prabhu recently proclaimed the urgency of National Rubber Policy and indicated that it will soon be debuted in the country. This comes as a relief to the natural rubber growers in the country who have been reeling under uncertainties with respect to prices and markets.

The policy by the commerce and industry ministry is expected to address issues that will boost productivity and will take it into its fold various factors concerning the profitability of the sector. Although details regarding the policy are not yet out officially, hopes are high as a policy of this scale has been long due. The sudden interest in the rubber policy should be read along with the recent thrust by the government on increasing agri exports and the intention of the government to double agricultural exports from present ~US$ 30+ Billion to ~US$ 60+ Billion by 2022 and reach US$ 100 Billion in the next few years. With India forecasted to become a $5-trillion economy in the next few years, the share of the manufacturing sector is expected to be 20 per cent of this and the rubber industry can make a significant contribution.

Natural rubber has a dominant market in the rubber industry, as it constitutes 66 per cent of the total amount of rubber the industry consumes. However, domestic rubber production has been on the decline, in recent years, due to non-remunerative prices in the market. Rubber, a perennial crop, has been left standing by the growers in the plantation as they refrain from tapping the trees. Apparently, the expenses incurred in paying the tapping charges and processing the latex into sheets have become uneconomical. Nonetheless, rubber consumption and the industry continues to grow, albeit at lower rates, with substantial imports. With prices of natural rubber in the global market staying lower than the Indian prices, imports have been increasing. Also, the demand for natural rubber has been on the rise –consumption has crossed 1 million tonnes – over the last few years with fairly decent economic growth rate and higher economic activities.

With a value of output close to Rs. 750 billion per annum, the Indian rubber industry is a major contributor to the country's manufacturing GDP and national economy. Export of rubber products earns close to US$ 2.5 billion a year. The longer the decline in domestic production continues, the more difficult it will be to reverse the trend because of the perennial nature of the crop. The government should introduce measures that could woo the growers back to their plantations especially when indicators point towards a resurrection in the natural rubber demand. With the global GDP growing at 3.8 per cent, it is expected that the international demand for natural rubber would pick up further and raise prices. Also, efforts of the East Asian countries (Thailand, Indonesia and Malaysia) to limit exports (initiated earlier this year) can further boost the global prices.

For the rubber growers to stay in business, the Centre has to put some restrictions on imports to ensure steady domestic prices for the commodity. From the agronomic point of view, the rubber plantations should also introduce perennial inter-crops like cocoa and coffee that can be cultivated in mature rubber plantations which would be a great relief to rubber farmers during periods of low rubber price.

Rubber has immense potential in boosting agri exports. The sector has long been denied its due share in agricultural policies adopted which has over the years affected the profitability of the sector. A National Rubber Policy addressing all these issues of the natural rubber segment of the country can change the current status of the sector and bring back its lost glory.