

KISSAN VIKAS CHAMBER PUNJAB (Regd.)

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To

Mrs.Nirmala Sitaraman.
Union minister for commerce & Industry
Govt.of India (New Delhi)

Sub:-

Marketing of agriculture

This is to bring to your kind notice the hardships faced by the farmers while disposing of their produce in the market by not getting the remunerative returns due to inherent shortcomings and defects in the existing marketing system. An Indian farmer gets just one third the price of his produce of what the end consumer pays and if the crop happens to be a bumper one, then he does not even get one sixth of the consumer price. This is due to the most evident fact that there are too many intermediaries between the Indian farmer and the ultimate consumer. The countries where the agricultural marketing have been streamlined to near perfection, the farmer gets two third amount of the consumer price .If we are to give a fair deal to the farmer ,then the number of the intermediaries will have to be curtailed. Moreover, the lack of proper infrastructure to prevent the decay of the produce especially the perishables results in the gross wastage up to forty percent. The remedy lies in bye passing the most of the Middle men and facilitating the farmers to sell their produce to end consumers, food processors and exporters.

The end consumer can be reached by a farmer only through the retail market which at present is very much fragmented and unorganized. The smooth and rewarding link between the farmers and retail sector can be formed if the latter put adequate capital investment in creating a proper infrastructure which may include packaging facilities, warehouses and proper cold chains ,so that the farm produce reaches safely from the farm to the consumer. It is heartening to note that to achieve this end, many big industrial houses like Tata chemicals & farm fresh, Reliance fresh , Bharti food, Metro food and many others have taken initiative to set up their super stores. But this is not enough as not much has been done to create the much needed infrastructure outside their super stores. We need much more capital investment in this field. This is the proper time that we should think about allowing the foreign direct investment in our agriculture retail sector even with 100 percent equity. FDI has already been allowed since 1991 with up to 100 percent under automatic route subject to certain conditions under consolidated FDI policy. They have invested in the fields of floricultural, horticulture, apiculture ,cultivation of vegetables and mushrooms under controlled conditions, animal husbandry ,production of seeds and plant material ,pisciculture and aquaculture under controlled conditions and services to agro and allied sectors .According to the very recent report in the 'International journal of innovative research and advanced studies' published in January 2017 in volume4 issue!,it has been very explicitly explained that in India, there exists a positive relation between increase of the investment in FDI and increase in agriculture GDP and has come to the conclusion that since 1991 up to 2014, the GDP has increased by 49 percent with 1 unit increase in FDI. FDI inflow in the years 1991-95 was just 8584.97 million dollars and increased to 453900.14 million in the years 2011-14 and agriculture GDP from 887205(rupees in crores) in 1991-95 to 5050372 in 2011-14.As the FDI in the past has played its role in enhancing the agriculture GDP and in

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the same way these investments may consolidate the unorganized and fragmented agriculture retail sector which is still in the stages of finding its feet as till now it is being dominated by intermediaries who do not provide any transparency in pricing and this lack of transparency has led to monopolistic tendencies. A panel consisting of all the stake holders, eminent economists and market experts may be formed to suggest the ways the foreign direct investment is to be used so that the farmers get 2/3 rd of the consumer price and a proper infrastructure for their produce.

Food processing is another avenue to avoid middle man in the marketing. Farmers can sell direct to the processor or processing industries. The processing increases the shelf life of the produce which becomes available for quite a long time. Its volume becomes small and can be transported and exported easily. Government should give incentive to rural entrepreneurs to open small to middle range processing units which may process the primary products and may sell them to big industries to convert them to end products. Such enterprises in the rural areas will also provide employment to the farmers there who will become part time farmers with enhanced economic status. Food processing industry Will serve as a real boon for small and marginal farmers as according to recent agriculture census, 80 percent fruit and 75 percent vegetables are grown by small and marginal farmers as they have their own labour of the family. The government can help to these rural entrepreneurs by providing a tax holiday for a specific period, liberal credit, liberal import of machinery, export incentives and subsidizing the total cost.

Export of both raw as well as processed produce can give a big boost to agriculture economy. It has been estimated that 1 percent increase of agriculture produce from India will pump in 8500 crores of rupees in agriculture economy. Apeda which is the main agency for agriculture export should come forward to provide the requisite technology and measures to be adopted by the farmers. It should provide overseas market information, participate in the international exhibitions to make foreigners aware of Indian produce. There are certain practical difficulties coming in the way of the export of both fruit and vegetables which may be as enumerated as follow :-

- 1) Delay in getting Phytosanitary certificates causes harm to both fruits and vegetables as both are perishable.
- 2) Kinnow is the main citrus fruit of Punjab which is being exported to many countries but it is yet to be included in Hortinet
- 3) Refrigerated railway bogies should be attached either to mail trains or some other rapid arrangements should be made to transport of these bogies.

I request your good self to consider all the issues which have been detailed above in very sympathetic way and do the needful to ameliorate the cause of the farmers.

Yours sincerely

Kulwant Singh

(Kulwant Singh)

President Kissan Vikas Chamber Punjab.

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