

In consonance with Hon'ble Prime Minister's vision of "Doubling Farmer's Income", Shri Suresh Prabhu, Hon'ble Minister of Commerce and Industry has taken the initiative to come up with an "Agriculture Export Policy" in larger interest of farmers and agriculture exports.

The Ministry of Commerce & Industry has come up with a draft "Agriculture Export Policy" which is aimed at doubling the agricultural exports and integrate Indian farmers and agricultural products to the global value chain. Preliminary meeting with stakeholders was conducted to obtain their feedback on the proposed policy. Based on the preliminary inputs a draft policy document is prepared. The draft Agriculture Export Policy is put up in the public domain in order to seek wider consultation and feedback/suggestions from the stakeholders so as to provide the final shape to the Policy. The suggestions may be forwarded in the following mail ids by 5th April, 2018:

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Draft Agriculture Export Policy



सत्यमेव जयते

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Contents

1. Introduction
2. Agriculture Export Policy: Objective and Vision
3. Current Agri Trade Scenario
4. Elements of the Agri-export Policy Framework
5. Strategic Recommendations
 - 5.1 Policy Measures
 - 5.1.A. Stable Trade Policy Regime
 - 5.1.B. Reforms in APMC Act and streamlining of Mandi fee
 - 5.1.C. Liberalising Land Leasing norms
 - 5.2 Infrastructure and Logistics Boost
 - 5.3 Whole Government Approach to boost exports
 - 5.4. Greater involvement of State Governments in Agri Exports
 - 5.4.A. Identification of a nodal State Department / Agency for promotion of agriculture export
 - 5.4.B. Inclusion on agricultural exports in the State Export Policy
 - 5.4.C. Infrastructure and Logistics to facilitate agricultural exports
 - 5.4.D. Institutional Mechanism at State level and cluster level to support exports
6. Operational Recommendations
 - 6.1 Focus on Clusters
 - 6.2 Promoting Value added exports
 - 6.2.A. Product development for indigenous commodities and value addition
 - 6.2.B. Promote Value added Organic exports
 - 6.2.C. Promotion of R&D activities for new product Development for the upcoming markets
 - 6.3 Marketing and promotion of “Produce of India”
 - 6.4 Infrastructure and Logistics to support agricultural exports
 - 6.4.A. Ease of Doing Business (EODB) & Digitization
 - 6.4.B. Developing Sea Protocol

6.5 Establishment of Strong Quality Regimen

6.5.A. Establish and maintain single supply chain and standards for domestic and export market.

6.5.B. SPS and TBT Response Mechanism

6.5.C Conformity Assessment

6.6 Self-sufficiency and export oriented production

6.7 Research and Development

6.8 Miscellaneous

6.8. A - Creation of Agri-start-up fund

Conclusion

Abbreviations

AEP – Agriculture Export Policy
AEZ - Agri Export Zones
APEDA - Agricultural and Processed Food Products Export Development Authority
APMC - Agricultural Produce Marketing Committee
ASEAN - Association of Southeast Asian Nations
CAGR - Compound Annual Growth Rate
CIB - Central Insecticide Board
CNSL - Cashew Nut Shell Liquid
CPC - Centre for Perishable Cargo
CSIR - Council of Scientific & Industrial Research
DAC&FW - Department of Agriculture, Cooperation and Farmer Welfare
DAHDF - Department of Animal Husbandry, Dairying and Fisheries
Deptt. - Department
DGFT - Directorate General of Foreign Trade
EIC – Export Inspection Council
E-NAM – Electronic National Agriculture Market
EU - European Union
FAMA - Federal Agricultural Marketing Authority
FDI - Foreign direct investment
FIEO - Federation of Indian Export Organizations
FOB - Free on Board
FOREX – Foreign Exchange
FPO - Farmer Producer Organizations
FSSAI- Food Safety and Standards Authority of India
FSVPS - Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor)
FTA – Free Trade Agreement
GAP - Good Agricultural Practices
GDP - Gross Domestic Product
GI - Geographical Indication
GoI – Government of India
GST - Goods and Services Tax
HPMC - Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Ltd.
IBEF - India Brand Equity Foundation
ICAR - Indian Council of Agricultural Research
ICD/CFS - Inland Container Depots / Container Freight Stations
IP - Intellectual property
IQF - Individual Quick Freezing
IT – Information Technology
MEP - Minimum Export Price
MIDH - Mission for Integrated Development of Horticulture
MoA – Ministry of Agriculture

MoC - Ministry of Commerce and Industries
MoFPI - Ministry of Food Processing Industries
MPEDA - Marine Products Exports Development Authority
MRL - Maximum Residue Limit
MSME - Micro, Small & Medium Enterprises
NABL - National Accreditation Board for Testing and Calibration Laboratories
NPOP - National Programme on Organic Production
NPPO - National Plant Protection Organization
NSSO - National Sample Survey Office
NTB - Non-Tariff Barriers
PPP-IAD - Public-Private Partnership for. Integrated Agriculture Development
R&D – Research and Development
RMP - Residue Monitoring Plan
SEZ - Special Economic Zones
SHEFEXIL - Shellac & Forest Products Export Promotion Council
SHG – Self Help Group
SPS - Sanitary and phytosanitary measures
TBT - Technical Barriers to Trade
TIES - Trade Infrastructure for Export Scheme
UAE - United Arab Emirates
US – United States of America
US FDA - United States Food and Drug Administration
USDA - United States Department of Agriculture
WTO - World Trade Organization

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Introduction

India, with a large and diverse agriculture, is among the world's leading producer of cereals, milk, sugar, fruits and vegetables, spices and seafood products. Indian agriculture continues to be the backbone of our society and it provides livelihood to nearly 58 per cent of our population. India is supporting 17.84 per cent of world's population with merely 2.4 per cent of world's land and 4 per cent water resources. Hence, continuous innovation and efforts towards productivity, pre & post-harvest management, processing and value-addition, use of technology and infrastructure creation is an imperative for Indian agriculture. Various studies on fresh fruits and vegetables, fisheries in India have indicated a loss percentage ranging from about 8% to 18% on account of poor post-harvest management, absence of cold chain and processing facilities. Therefore, agro processing and agricultural exports are a key area for us and it is a matter of satisfaction that India's role in global export of agricultural products is steadily increasing. India is currently ranked ninth amongst the major exporters globally as per WTO trade data for 2015. **India's share** in global exports of agriculture products has increased from 1% a few years ago, to **2.2 % in 2016**.

2. Agriculture Export Policy: Objective and Vision

A dynamic nation of 1.3 billion consumers with rising discretionary incomes, changing food patterns, vast farming area and a large population dependent on agriculture has propelled India to the world's center stage - not just as a big consumer market but also as a potential food factory of the world. It has often been suggested that an essential element of "Make in India" has to be "Bake in India", i.e. a renewed focus on value addition and on processed agricultural products. The rapidly growing global population and shrinking farmlands, coupled with changing socio-economic, agro-climatic and dietary patterns, have challenged scientists and policymakers to reconsider how we grow and feed 7.5 billion global citizens. Globalization has ensured that no one remains immune from the ills of hunger and poverty, on one hand, and unhealthy and conspicuous consumption in another part of the world. India's quest, then, is to grow sustainably, trade abundantly and progress harmoniously.

Challenges, however, are aplenty; from low farm productivity to poor infrastructure to global price volatility to market access. The vision of Prime Minister Shri Narendra Modi to double farmer's income by 2022 would require a series of interventions to improve production and productivity along with economizing the cost of production. This would also require India to augment its exports to the global market to ensure that farmers get a remunerative price and a marketing channel for their production. There has been a long felt need for a dedicated agricultural export policy in India. With WTO negotiations in full swing and globalization of value chains, India has played an integral role in world agricultural trade in the past one decade. India has played a proactive role in the WTO

negotiations on trade facilitation, public stockholding and the time is ripe for framing a coherent, stable and farmer friendly agricultural export policy.

The need for a dedicated policy under Ministry of Commerce and Industries (MoC) overarching umbrella arises due to the federal and administrative structure of the Union and State government. While the Department of Agriculture, Cooperation and Farmer Welfare (DAC&FW) and Department of Animal Husbandry, Dairying and Fisheries (DAHDF) focus on production, post-harvest and boosting farmer income, the Ministry of Food Processing Industries (MoFPI) focuses on value addition, post-harvest losses and employment generation. The MoC, on the other hand, is focused on foreign trade across sectors. There is an increasing need for the Government of India to establish a stable and predictable Agri Export Policy which aims at reinvigorating the entire value chain from export oriented farm production and processing to transportation, infrastructure and market access. The proposed Agri Export Policy is framed with a focus on agri export oriented production, export promotion, better farmer realization and synchronization within GoI. The broad vision is highlighted below.

INDIA'S AGRI EXPORT POLICY- OBJECTIVE AND VISION

- The National Agriculture Export Policy is formulated in line with the vision to double the farmer's income and increase the share of agricultural exports from present ~US\$ 30+ Billion to ~US\$ 60+ Billion by 2022.
- To boost high value and value added agricultural exports, focusing on perishables. To promote novel indigenous, Organic, ethnic traditional and non-traditional categories.
- To provide an institutional mechanism for tackling market access barriers and deal with sanitary and phytosanitary issues.
- To become one of the top 10 exporting countries of agricultural products and strive to double India's share in world agri exports.
- Focus on export centric clusters for integrated Commodity Focus Value Chain and Infrastructure Development.

3. Current Agri Trade Scenario

World agricultural trade has been relatively stagnant in the last five years (2013-2017). The sharp drop in oil prices was a major contributor to softening of global agricultural commodity prices. In similar vein, India's agricultural trade¹ dropped by -5% CAGR from US\$ 36 Billion in FY13 to US\$ 31 Billion in FY17². However, a comparative analysis of India's ten year agri exports reveals an encouraging picture. Indian agricultural exports grew at a whopping 9% compared to China (8%), Brazil (5.4%) and US (5.1%) between 2007 and 2016. During this period, exports of coffee, cereals, horticultural produce doubled; while exports of meat, fish, processed products grew between three to five times.

The scenario of Indian agriculture today is structurally different and more robust compared to the Green Revolution era. Between the early-1970s and the late-nineties, India's annual farm Gross Domestic Product (GDP) expanded from about \$25 billion to over \$100 billion. During this initial period, the growth was sluggish and it was largely cereals-centric, limited to wheat and rice. However, between 2000 and 2014, the country's agricultural production has surged from \$101 billion to \$367 billion, driven mainly by high-value segments such as horticulture, dairy, poultry and inland aquaculture. No other country has a more diverse food and non-food agriculture base as India and this generates the optimism that India can be a leading player in the world agricultural trade.

India's export basket is a diversified mix led by marine products (US\$ 5.8 Bn), meat (US\$ 4 Bn) and rice (US\$ 6 Bn) which together constitute ~52% of its total agri exports. While India occupies a leading position in global trade of aforementioned agri products, its total agri export basket accounts for little over 2% of world agri trade, estimated at US\$ 1.37 Trillion³. Apart from global macroeconomic volatility, India's domestic policies largely aimed at food security and price stabilization at times are also perceived as impeding trade, innovation and perversely food security itself. Lack of consistent policies in the areas of farm production, support prices and R&D to inland transportation, exit point infrastructure and export restrictions have the potential to result in uncertainty among the stakeholders and loss of opportunity.

India has remained at the lower end of the global agri export value chain given that majority of its exports are low value, semi-processed and marketed in bulk. As the below exhibits show, the share of India's high value and value added agri produce⁴ in its agri export basket is less than 15% compared to 25% in US and 49% in China⁵. India is unable to export its vast horticultural produce due to lack of uniformity in quality,

¹ HS Code Chapters 1-23

² Source: DGCIS

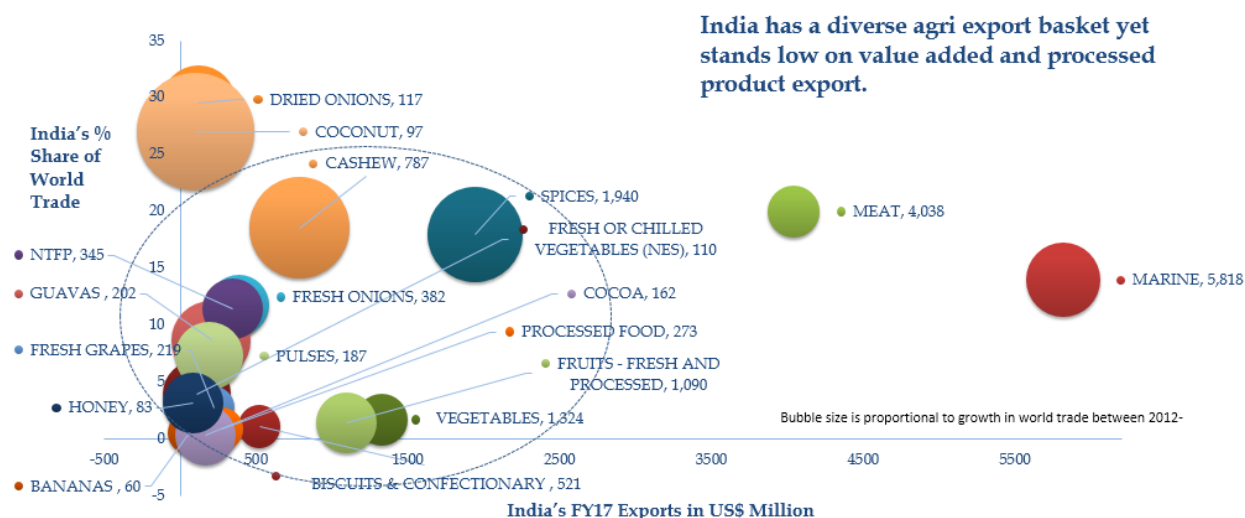
³ Source: ITC (Chapter 1-23)

⁴ HS Code Chapters 7,8,16,20,21

⁵Source: ITC

standardization and its inability to curtail losses across the value chain. Given the globalization of value chains, it is imperative that the country make concerted efforts to boost exports of high margin, value added and branded processed products. As the below exhibit suggests, this is particularly critical to India as cereals which are its highest FOREX earner are showing a declining global trend in consumption and trade.

EXHIBIT: India's Agricultural Exports, 2016-17



Source: ITC, DGCI, Stakeholder Discussion

EXHIBIT: INDIA'S COMMODITY/CATEGORY WISE RANKING AND % SHARE IN WORLD AGRI TRADE*

S No.	Products	India's Share As % of Category World Trade	Annual Growth in World Imports 2012-16 (% Per Annum)	India's Exports FY17 (US\$ Billion)
1	GUAR	55.8	-36	0.48
2	COCONUT	27	15	0.10
3	MEAT	20	3	4.04
4	CASHEW	18.6	11	0.79
5	SPICES	18.1	7	1.94
6	MARINE	14	6	5.82
7	NTFP	11.5	4	0.35
8	OILSEEDS	10	-4	3.25
9	TEA	9.1	-1	0.73
10	PULSES	7.3	5	0.19
11	CEREALS	5.8	-2	6.01
12	EGGS	4.2	-2.5	0.07
13	SUGAR	3.8	-6	1.40
14	FLOWERS	3.3	-2	0.08
15	HONEY	3.2	4	0.08
16	TOBACCO	2.5	-4	0.96
17	COFFEE	1.8	-1	0.86
18	VEGETABLES	1.7	3	1.32
19	FRUITS - FRESH AND PROCESSED	1.5	4	1.09
20	FEED	1.3	-1	0.27
21	MILLED	1.3	-1	0.22
22	BISCUITS & CONFECTIONARY	1.1	2	0.52
23	PRODUCTS OF ANIMAL ORIGIN	1.1	-4	0.08
24	PROCESSED FOOD	0.9	2	0.27
25	COCOA	0.4	4	0.16
26	DAIRY	0.4	-4	0.14
27	BEVERAGES	0.3	0	0.31

*Arranged in descending order of % share of world trade

The effort of Agri export policy would be to analyse top agricultural commodities and products on the basis of current global and Indian trade. Each commodity would be studied in detail based on five key criteria: global trade, five-year impact potential, India's current competitiveness, scope for value addition and future market potential. The effort would be to shortlist about 10 commodities as focus commodities for specific farm, infrastructure and market intervention.

Preliminary analysis shows very high potential for: Shrimps, Meat, Basmati Rice, Bananas, Pomegranate, vegetables including Potatoes, Cashew, Plant parts/medicinal herbs in value added forms including herbal medicines, nutraceuticals, aromatics, spices (cumin, turmeric, pepper), Ethnic & Organic Food.

4. Elements of the Agri-export Policy Framework

The policy recommendations in this report are proposed to be organized in two broad categories: strategic and operational. The salient features of the proposed agricultural export policy are highlighted below and discussed in greater detail in subsequent sub-sections.

Strategic	Policy Measures
	Infrastructure and Logistics Boost
	Whole Government Approach to boost exports
	Greater involvement of State Governments in Agri Exports

Operational	Focus on Clusters
	Promoting Value added exports
	Marketing and promotion of "Produce of India"
	Infrastructure and Logistics to support agricultural exports
	Establishment of Strong Quality Regimen
	Self-sufficiency and export centric production
	Research & Development
	Miscellaneous

5. Strategic Recommendations

5.1 Policy Measures: Discussions with public and private stakeholders across the agricultural value chain highlighted certain structural changes that were required to boost agricultural exports. These comprise of both general and commodity specific measures that may be urgently taken - and at little to no financial cost. The subsequent gains, however, are aplenty.

5.1.A. Stable Trade Policy Regime: Given the domestic price and production volatility of certain agricultural commodities, there has been a tendency to utilize trade policy as

an instrument to attain short-term goals of taming inflation, providing price support to farmers and protecting the domestic industry. Such circumstantial measures are often product and sector specific, for instance, the ad-hoc ban or imposition of minimum export prices (MEP) for onion and non-Basmati rice exports. India is seen as a source of high quality agricultural products in many developing nations, ASEAN economies and changes in export regime on ground of domestic price fluctuations, religious and social belief can have long-term repercussions. This is particularly important for commodities such as onions, rice, wheat, oilseeds, pulses and sugar.

Such measures require constant fine tuning and keep the market anxious which often leads to price shocks. While these decisions may serve the immediate purpose of maintaining domestic price equilibrium, they end up distorting India's image in international trade as a long term and reliable supplier. It is imperative to frame a stable and predictable policy with limited State interference to send a positive signal to the international market.

The Agri Export Policy thus aims at:

- 1) Providing a policy assurance that the processed agricultural products and all kinds of organic products will not be brought under the ambit of any kind of export restriction (viz. MEP, export duty, export ban, etc) even though the primary agricultural product or non-organic agricultural product is brought under some kind of export restrictions,
- 2) The Agri Export Policy will initiate the consultation among the relevant stakeholders and Ministries to identify the commodities which are essential from food security perspective and barring such identified commodities, the effort would be to ensure that other agricultural products would not be brought under any kind of export restrictions.

Case Study –Losses Due to Non-Basmati Export Ban

Despite sufficient and overflowing stocks, the three year (2008-2011) ban on non-Basmati export to control consumer inflation led to a notional loss of US\$ 5.6 Bn to the industry and FOREX losses to the government. Over the three years, 14.6 million tonnes of non-Basmati could have been exported at around US\$ 400/MT (FOB). Adding procurement incidentals & storage losses in central stocks and loss to farmers due the ensuing glut and lower farm price realization – experts suggest the figure may be around US\$ 7-7.5 Billion.

5.1.B. Reforms in APMC Act and streamlining of Mandi fee: Agricultural Produce Marketing Committees (APMC) Acts across States have not been able to achieve the farmers' welfare envisaged in these Acts. Some APMC market yards or mandis which have bred inefficiency and cartelization are a classic case in point. Since decades farmers have been under compulsion to sell their produce in official market yards which may or may not offer the best remunerative prices. Monopoly of the APMC prevents private players from setting up markets and investing in market infrastructure.

The market fee, arthiya commission and other charges left outside the GST shall remain under the purview of the state (and local bodies). Different States continue to charge different fees on mandi procurement (Basmati rice – Punjab 4%, Haryana 4%, Rajasthan – 1.6%, Delhi- 1%, MP -0.2%; Pulses – Maharashtra 1%, UP 2.5%; Soya de-oiled cake - Maharashtra 0.85%, Madhya Pradesh 2.2%).

Some states have adopted the Model APMC act and made amendments to de-notify fruits and vegetables. Establishment of E-NAM is a step in the right direction. Quality measurement, infrastructure and dispute settlement mechanism would add more power to E-NAM. The Finance Minister, while presenting the Budget for 2018-19 has made the announcement of 22,000 Gramin Rural Markets which will allow the flexibility to the farmers to sell their produce without being subjected to regulations constraining decision to buy and sell.

The Agri export Policy aims at using the DGFT field offices, Export Promotion Councils, Commodity Boards and Industry Associations to act as advocacy forum for reform by all the states. Efforts will continue with State Governments to remove perishables from their APMC Act. State Governments would also be urged to standardize/ rationalize mandi taxes for largely exported agricultural products. Simplification or uniformity of mandi/agricultural fee across states will create a transparent supply chain that will empower the farmer, provide him wider access to markets and enable free trade across the country.

5.1.C. Liberalising Land Leasing norms: The Finance minister, while presenting the Union Budget for 2018-19, has announced the intent on working with the State Governments on liberalizing the leasing policy without compromising the rights of the land owner.

Land remains a State subject and legacy issues have led to State laws that discourage formalization of land leases. Post-independence, States framed laws that prohibited, restricted or discouraged leasing and subleasing. The consequences are aplenty – negligible long-term farm investments, fallow lands, limited access to formal credit and skewed disbursement of government subsidies and direct benefit transfers. In 2012-13, a NSSO survey revealed only 10.41% of operational area under farming was on lease. India's large numbers of small landholdings, low productivity and inefficiencies across the supply chain must first resolve land ownership & leasing concerns if they are to embark on any serious consolidation of farm land.

Alternatives: DAC&FW has recently announced the model Contract Farming Act. It is a comprehensive act, which provides for enforcement of contracts and dispute settlement mechanism without approaching the judicial system.

The diffidence with regard to land reforms by the State governments can be largely offset by adopting the model contract farming Act which provides a possibility of an extended

farming area cultivating a certain agricultural product with an assured return as agreed before. Contract farming is expected to bring in large scale private investments in agriculture thus leading to large scale mechanization and thus produce surplus volumes of standardized, exportable quality of agricultural products.

The Agri Export Policy would aim at an advocacy role for these reforms through its stakeholders and bodies promoting agricultural exports. This will be especially pursued for a dispensation on such contract farming rules in the context of export oriented agricultural production.

5.2 Infrastructure and Logistics Boost

Presence of robust infrastructure remains a critical component of a strong agricultural value chain. This involves pre-harvest and post-harvest handling facilities, storage & distribution, processing facilities, roads and world class exit point infrastructure at ports facilitating swift trade. Given their perishable nature and stringent import standards, efficient and time-sensitive handling is extremely vital to agricultural commodities.

A comprehensive need-gap analysis of existing export oriented infrastructure across the value chain is critical to formulating an export oriented policy. Ports are a vehicle for economic development. Yet, while port development will indeed improve exports it will not provide an exceptional boost to agri trade until supply, quality, handling and hinterland connectivity is enhanced. Identifying strategically important clusters, creating inland transportation links alongside dedicated agri infrastructure at ports with 24x7 customs clearance for perishables will therefore go a long way in boosting trade exponentially. The focus therefore shall be to:

- Identify major ports where current/projected bulk and container agri traffic demands infrastructure and modernization initiatives.
- Port development - dedicated perishable berths, agricultural jetties, Railway Reefer Wagons with better Hinterland Connectivity are critical to a smooth and cost effective supply chain.
- Identify the challenges of operationalizing existing defunct infrastructure at ports such as the Centre for Perishable Cargo (CPC) and requirement of new CPCs and other infrastructure at the port of exit.

It is often pointed out that expenses towards logistics handling is about 14 to 15% of the cost of exports. Benchmarked against 8 to 9% in some of the developed economies, the savings on account of improved logistics can make Indian agricultural exports significantly competitive in the global market place. It will be the endeavour of Agri Export Policy to compile the logistic bottlenecks confronting different products and work with the newly created Logistic Division in the Department of Commerce and work with different Line Ministries, State Governments for addressing the issues.

5.3 Whole Government Approach to boost exports:

Agricultural exports are intertwined with supply side production, food security, processing facilities, infrastructure bottlenecks and domestic food inflation. In India, this involves multiple ministries including DAC&FW, DAHDF, Food Safety and Standards Authority of India (FSSAI), Ministry of Food Processing Industries, Ministry of Shipping & Transport, Ministry of Railways and Ministry of Consumer Affairs, Food & Public Distribution. Over and above this many of the infrastructure issues handled by State Governments also crucially impinge on agricultural exports.

The stakeholders have often talked of a disjointed, single-minded mandates of respective ministries which restrict their ability to successfully influence domestic agricultural production and global trade. International trade dynamics play an extremely critical role in the cropping and farming decisions of domestic farmers; guar, rice, pulses and oilseeds are excellent examples. Equally, the agricultural and livestock farming dynamics of the country largely influence a country's agricultural and food imports and exports; antibiotic and traceability issues restrict India's dairy, marine and meat trade. The US FDA / USDA, FSVPs and European Food Safety Authority in USA, Russia & EU respectively are often cited as excellent examples of exclusive organizations which are empowered to frame, regulate and implement policies related to both agricultural production and trade. It may be worthwhile to work towards similar agencies in India which is all encompassing in nature covering both domestic and international market so as to have a calibrated approach in export and imports.

Excessive pesticide and chemical residues are a chief cause of concern for Indian agricultural exports. Indian food exports are sometimes rejected due to residues found that are higher than MRLs of importing nations. From Basmati to grapes to peanut - the list is long. Lack of awareness amongst Indian farmers regarding the judicious and timely use of chemicals has been a major impediment. To add to this, India uses many pesticides which are not permitted or are increasingly being banned in other nations. EU's recent move to drastically reduce the MRL of Tricyclazole from 1 PPM to 0.01 PPM in Basmati rice is a case in point. Considered to be highly cost effective and farmer friendly, Tricyclazole has been in widespread use across India. If Indian rice exporters were to implement a farmer awareness and agri input switch program, it would best be done in conjunction with MoA and MoC. Furthermore, since agriculture and land are State subjects this would require State Governments to be fully on board. Quality control can best happen at farm level - going forward, it is plain that strategic and operational synergy across ministries will be key to boosting productivity and quality.

Whole of government approach will address issues of (A) R & D for improved varieties, value addition and packaging, (B) Establishment of a good standards regimen, (C) A holistic response to SPS and TBT barriers faced by Indian products, (D) Identification of winning sectors and strategies for augmenting exports in those sectors. These issues are elaborated further in the operational part of the strategies.

5.4. Greater involvement of State Governments in Agri Exports

Since 1919, when the Montford Reforms declared it a 'Provincial' subject, agriculture in India has enjoyed the distinction of being a State subject and after independence, when the constitution was drafted it became a "State" subject. While the central government may advise and allocate funds, proper implementation of farm and market infrastructure reforms lies at the behest of State Governments.

Each state invariably has its own set of priorities, socio-economic & political realities and agricultural nuances which they strive to align with the nation's overarching goals. Indeed, every state has a different (and often multiple) agro-climatic zone leading to different cropping patterns and they each suffer from vagaries of nature in extremes; one part of India may experience a drought while another may be dealing with floods. Furthermore, "trade and commerce" are in the Union list and States often see no formal role for themselves in the nation's agricultural exports.

However, at the state level, there are many State Governments who have been playing a proactive role in promoting and facilitating exports. These State Governments have realized the importance of integrating the farmers with the global supply chain and the value which can accrue to the farmer in terms of the awareness relating to good agricultural practices, scientific pre and post-harvest techniques, higher productivity and higher realization. Thus, integration of farmers to the global market is crucial to achieving the target of doubling of the farmers' income by 2022. Some of the suggestions which have come for facilitating agriculture exports at the state level are as follows:

5.4.A. Identification of a nodal State Department / Agency for promotion of agriculture export

In many State Governments, either the Industry Deptt., MSME Deptt. or Commerce and Industry Deptt. are identified as the nodal department for export promotion and consequently focus is lost with regard to agricultural exports. Depending on the export potential of the State and the quality of resources available with autonomous bodies, either a Department or an Agency of the State Govt. could be declared as a nodal body for agricultural exports. For e.g., in Maharashtra, the Maharashtra State Agricultural Marketing Board, in Himachal, the HPMC, in Gujarat, the Gujarat State Agriculture Marketing Board etc. play a pro-active role in facilitating exports and consequently could be recognized as the nodal body for agriculture export promotion which would encompass the entire range of agricultural and animal husbandry products including marine products, tea, coffee, spices and cotton. The function of such nodal agency would be to remain engaged with the stakeholders, identify infrastructure and logistic bottlenecks, liaise with different Departments within the State Government to address issues faced by the exporters, identification of the schemes run by various Central Ministries and Agencies and maximize the allocation for the State Governments, organize buyer-seller meet at the

State level by getting buyers from abroad, encouraging State level exporters to participate in the relevant international fairs, etc. The Ministry of Commerce and Industries will play a proactive role in supporting and handholding such nodal agency at the State level.

5.4.B. Inclusion on agricultural exports in the State Export Policy

Many State Governments have come up with an export policy and special focus could be made on the States export policy for agri exports. Pushing for policy changes in the APMC Act, bringing about a law allowing contract farming for the purpose of exports, liberalizing labour laws in industries concerning agricultural products, promoting Good Agricultural Practices (GAP), working on quality assurance system, planning for pre and post-harvest infrastructure creation for further value addition, incentivizing value addition and food processing industries, etc. could be included as part of the State's Export Policy.

An approach of developing product specific clusters in different agro climatic zones of the country would help in dealing with various supply side issues viz., soil nutrients management, higher productivity, adoption of market oriented variety of crop, use of good agriculture practices, etc. Integration of processors / exporters with farmers will ensure better returns and stable market. The State Governments may identify such clusters which have a high potential of export and work with related agencies for facilitating export from those clusters.

5.4.C. Infrastructure and Logistics to facilitate agricultural exports

An assessment of the State's potential in key agricultural sectors and drawing up an action plan to support the infrastructure creation will be crucial to promoting exports. For e.g., in the coastal states, creation of state of the art fish landing centres, high quality fishing harbour, pre-processing facilities etc. are extremely crucial. Similarly, creating a series of cold chain facilities for perishables, creating vapour heat treatment and irradiation facilities to enable export to specific markets etc. are some of the interventions which need to be initiated by the State Governments. A concerted effort needs to be taken up by respective State Governments to identify the infrastructure bottlenecks, issues relating to logistics and then identify sectors which are amenable to private investment/FDI and sectors where Govt. has to invest. ICD/CFS with good revenue models could be thought of in the private sector whereas cold chain logistics, warehouse, rail and road infrastructure, etc. would require public funding. A clear action plan on the infrastructure gap would enable State and Central Govt. to identify resources for such infrastructure.

5.4.D. Institutional Mechanism at State level and cluster level to support exports

The agri export policy could examine the models by different States and suggest some of the best practices in coordinating between different Departments concerned with export of agricultural products. Departments like Agriculture, Horticulture, Fisheries, Food

Processing, and Commerce& Industry etc. look after the production and post-handling issues relating to agriculture, horticulture, aquaculture, tea, coffee, spices and value addition of these products at the State level. In some States, committees chaired either by the Chief Secretary or Agriculture Production Commissioner has been doing an effective job in coordinating with different Departments and also with DGFT, Customs, and autonomous bodies under Ministry of Commerce for facilitating export promotion measures.

Similarly, for monitoring the cluster development work, a cluster facilitation framework to be led by the District Collector is also proposed. The exporters, potential exporters, farmers' producers companies, producers' cooperative, etc. are important stakeholders in the cluster level committee. The suggested institutional mechanism at Central, State and cluster level will be put in as part of the export policy after receiving suggestions.

In addition, the following interventions are also taken up at the State level in some States.

(a) Encourage the industry bodies/associations to play a more pro-active role

The various bodies representing different food processing sectors need to be more pro-active in giving suggestions on accessing new markets and consolidating in existing markets.

(b) Greater involvement of industry in R&D

There is a need to ensure greater interaction between the various research organizations and industry bodies which will enable the research bodies to work on industry specific requirements.

6. Operational Recommendations

6.1 Focus on Clusters

While presenting the budget for 2018-19, the Finance Minister emphasized the need for focusing on a cluster development approach to boost the agricultural and horticultural production in India. A similar approach in export centric clusters is likely to result in a more focused pre- and post-harvest management of the production as well as in upgrading the supply chain to attain much higher levels of export from those clusters.

Exporting horticultural products requires significant volumes of high quality produce of the same variety with standard parameters matching import demands. Small landholding pattern and low farmer awareness in India has often meant limited volumes of different varieties of multiple crops with little or no standardization. Export oriented cluster development across States will be key to ensuring surplus produce with standard physical and quality parameters which meet export demands. The success of such a scheme will

depend on State Government infrastructure. It is therefore critical that the Government of India encourage and incentivize the State Governments by strengthening State infrastructure to:

- Identify suitable production clusters
- Conduct farmer registrations
- Digitization of land records
- Promote Farmer Producer Organizations (FPO)

It has been recommended that this scheme should be implemented in partnership with private exporters who will have a natural incentive to promote such clusters. Subject to successful implementation of these clusters, a transition agri export zones (AEZs) could be thought of to facilitate value addition, common facility creation and higher exports from such zones. Special Economic Zones (SEZ) facilitate production of goods at a comparatively lower price for exporters aiming to be globally competitive. India has many successful SEZs established in Public and Private sectors in specific sectors like IT, Textiles, Pharmaceutical and some being multi sectoral. There are opportunities for developing Agriculture Export SEZ mainly aimed at producing agriculture commodities for certain countries which are largely dependent on import of agriculture products. The interest of some countries (having substantial gap in domestic availability of grains, vegetables and fruits) can be explored for bringing in Foreign Direct Investment (FDI) into Agriculture Export SEZ in order to ensure food security of that country. There can be complete buyback arrangements by the countries which are bringing in FDI thus providing a stable market for Indian exports.

Stakeholders have recommended for creation of a corpus for export oriented horticultural production through development of clusters. This will be the key to boosting volumes of standardized, good quality exports.

As part of the AEP 2018, 50 unique product-district clusters (provisional) have been identified for export promotion. This list is tentative and will be fine-tuned in consultation with the respective State Govts. –

Product	Region	State	District
Banana	South	Andhra Pradesh	Kadapa, Anantapur
		Tamil Nadu	Trichy, Theni, Pollachi
	West	Maharashtra	Jalgaon, Kolhapur, Solapur
		Gujarat	Bharuch, Narmada, Surat
Pomegranate	South	Andhra Pradesh	Anantapur, Kurnool
		Karnataka	Belgaum, Mysore
	West	Maharashtra	Solapur, Ahmednagar, Pune
	Central	Madhya Pradesh	Khargone, Khandwa, Burhanpur
Mango	West	Maharashtra	Ratnagiri, Sindhudurg
		Gujarat	Junagarh, Valsad, Kutch, Navsari

Product	Region	State	District
	North	Uttar Pradesh	Saharanpur, Meerut, Lucknow
	South	Telangana	Rangareddy, Mehboobnagar, Warangal
		Andhra Pradesh	Krishna, Chittoor, Kurnool
Grapes	West	Maharashtra	Pune, Nasik, Sangli
Pineapple	South	Kerala	Thrissur, Vazhakulam
	East	Meghalaya	East Khasi, Garo Hills, Ri-bhoi
		Tripura	Kanchanpur, Damchera, Bilaschera, Nalkata
Apple	North	Jammu & Kashmir	Srinagar, Budgam, Pulwama
		Himachal Pradesh	Kinnaur, Chamba
		Uttaranchal	Uttarkashi
Litchi	East	Bihar	Muzaffarpur
Orange	West	Maharashtra	Nagpur
	North	Punjab	Abohar, Fazilka
Rose Onion	South	Karnataka	Bangalore Rural, Chikkaballapura
Onion	West	Maharashtra	Nasik
	Central	Madhya Pradesh	Indore, Sagar, Damoh
Potato	North	Uttar Pradesh	Agra, Farukhabad
		Punjab	Jalandhar, Hoshiarpur, Kapurthala, Navashehar
	West	Gujarat	Banaskantha, Sabarkantha
	Central	Madhya Pradesh	Indore, Gwalior
Tomato	Central	Madhya Pradesh	Shadol
	South	Karnataka	Kolar
		Andhra Pradesh	Kurnool
	North	Uttaranchal	Rudrapur
Tea	East	Assam	Tinsukia, Sibsagar, Dibrugarh
Coffee	South	Karnataka	Chikkamagaluru, Kodagu, Hassan
Marine	South	Andhra Pradesh	East Godavari, Vishakapatnam, West Godavari, Nellore
	East	Orissa	Jagatsinghpur, Bhadrak, Balasore
	West	Gujarat	Kutch, Veraval, Navasari, Valsad
Chilli	South	Telangana	Khammam, Warangal
		Andhra Pradesh	Guntur
Ginger	East	Mizoram	Aizwal and Sarchhip
		Assam	N.C. Hills
	South	Kerala	Wayanad
Mint	North	Uttar Pradesh	Barabanki
Turmeric	South	Telangana	Nizamabad, Karimnagar

Product	Region	State	District
	East	Meghalaya	West Jaintia Hills
Rubber	East	Tripura	West Tripura, Khowai, Sepahijala
Cumin	West	Gujarat	Banaskantha, Mehsana
Fenugreek	West	Rajasthan	Sikar, Bikaner

APEDA, MPEDA, EIC and other commodity Boards will provide the framework for ownership of the supply chain starting from farmer registrations, FPO formation, provision of quality inputs, price discovery, farmer training through technical organisation and third party certification. The implementation would require full involvement of State agriculture, horticulture Department, State Agricultural Universities, ICAR institutions and Food processing Department. This program can be clubbed with the PPP-IAD scheme under Rashtriya Krishi Vikas Yojna as involvement of private industry is critical to market success. The effort will be to focus on developing export oriented infrastructure in the identified cluster areas where integrated post-harvest, processing facilities, laboratories etc. would be set up with support from MOFPI/MoC (TIES)/MIDH, etc.

6.2 Promoting Value added exports

6.2.A. Product development for indigenous commodities and value addition

It is proposed that the agricultural export policy must focus on promotion of value added, indigenous and tribal products. As highlighted in the previous sections, India's export basket is dominated by products with little or no processing or value addition.

Stakeholders have recommended for financial support for commodities identified in the indigenous category which mainly fall under SHEFEXIL. These include non-forest produce, wild herbs, medicinal plants, extracts, lac, guar gum, essential oils etc. This would require intense export focused research for developing exportable products along with strong branding efforts.

Stakeholders have suggested a financial package for development and research on value added cashew products such as cashew apple jams and pastes, flavoured cashew, etc. Cashew is another product which requires a boost to be exported in value added form. Currently, less than 4% of cashew exports are in value added form (CNSL, Roasted/salted nuts). Industry estimates suggest a significant quantity of exports head to countries which conduct limited value addition and re-export it. There is a strong need to complement the cashew re-plantation and area expansion with high-value cashew product development. This will greatly boost the industry which employs more than one million workers in farms and factories.

A preliminary exercise on a few processed food products revealed the following:

PRODUCT	Present level of exports	Projected exports in the next 3 years	Potential markets
1. Biscuits & Confectionery	\$ 185 mn	\$ 350 mn	Angola, USA, Haiti, Namibia, Uganda, UAE, Nigeria, Kenya
2. Indian Ethnic Foods	\$ 114 mn	\$ 200 mn	USA, Australia, Canada, UAE, Nepal
3. Cereal Preparations	\$ 471 mn	\$ 800 mn	USA, Bangladesh, UK, Nepal, UAE, Angola
4. Dehydrated onion, other vegetables & Frozen vegetables including Gherkin	\$ 207 mn	\$ 400 mn	USA, Germany, Belgium, Russia, France
5. Processed fruits-juices, concentrates	\$ 338 mn	\$ 600 mn	Saudi Arabia, Netherlands, Yemen, UK, USA, Algeria, Kenya

6.2.B. Promote Value added Organic exports

Currently, the organic exports from India is in the range of Rs. 2400 crore per annum. The global trade in Organic products is estimated to be in the range of \$ 80 billion. Therefore, the scope for improving organic exports, especially, value added organic from India is very high. Under the aegis of the National Programme on Organic Production (NPOP), new categories of products such as livestock, aqua-culture having good potential for exports have been included. This is likely to give a boost to the value added organic exports. In addition, standards on organic textile could also be included for looking at augmenting the value added textiles to be exported from India.

There is a huge demand for processed products in the global market. Currently, the percentage of organic processed products export from India is only **5.5%** of the total organic food export. Only a limited range of products (mango pulp, puree, by-products of oil crops, soya meal, cakes and few ready to eat products) and single processed products such as Sugar, tea, edible oils, coffee and essential oils are exported from India. India can look at exports of a whole range of value added fruits and vegetables, IQF Fruits and vegetables, Ready to eat products, Pickles, soups and sauces, Dairy products, Processed livestock, Aquaculture products, textile products, etc. Some of the ideas shared by stakeholders for promotion of value added organic exports is as follows:

❖ Development of organic export Zones/organic Food park with an integrated approach

In line with the Government's initiative to promote organic farming in a cluster model, there has been a suggestion to have end to end development for export of value added products, add processing facilities, encourage entrepreneurship, ensure remunerative returns to the farmers and generate more employment.

❖ **Marketing and branding of organic products**

The organic exporters have suggested that the gestation period for establishing an organic product in the retail market is long and cost of launching is very high. A support for product registration, support for buying shelf space in the organic retail chains etc. have been floated by the exporters.

Agriculture and Processed Products Development Authority (APEDA) as the nodal organization for implementation of NPOP will take up the required coordination for enhancing organic exports from India.

❖ **Develop uniform quality and packaging standards for organic and ethnic products**

There is increasing demand for value added, ready-to-eat and ethnic food from developed nations, particularly arising from the migrant Indian population across the globe. In the era of globalization and proliferating lifestyle diseases, quality conscious consumers across the world are seeking comfort, respite and health benefits in their food. India can offer a one stop solution and provide a range of ethnic products ranging from healthy and organic to processed and convenient food. This is an excellent opportunity for entrepreneurs to leverage our traditional food heritage and invest in innovation in taste, packaging, fusion food and shelf life of food.

India's 5000 year old traditional Ayurvedic food system can play the role of a potential game changer. The world-renowned wound healing properties of turmeric, stemmed from traditional Indian knowledge. Much like the export of Yoga, it is this traditional knowledge that must be communicated to the world and marketing of products would inevitably follow. Use of Indian Ayurveda products, spices for ever-growing nutraceutical market is a promising prospective.

- Pickling is the art of preservation that Indians mastered long before modern R&D efforts to increase shelf life of food products.
- Ready to cook/Ready to eat food with numerous variants of lentils, rice (poha), biryani, chicken tikka masala, kebabs, samosas and parathas are popular across the world.
- Namkeens/Snacks such as Murukku and Dal Mot are an excellent source of protein which could replace fat rich snacks in the West.
- MARKFED has been successful in exporting large volumes of branded, canned Indian cuisine like sarson da saag in countries such as US, UAE and Canada. Similarly,

popular cuisine in different regions could be marketed in large volumes in overseas countries.

However, standardization of physical and quality parameters has been largely ignored in the largely unorganized, ethnic food industry. Apart from branding campaigns, promoting ethnic cuisine requires standardization and development of packaging and quality protocols. Paneer and Rasgulla exports, for example, suffer from low shelf life, arduous sampling and excessive lead time which must be urgently reduced by developing relevant protocols.

6.2.C. Promotion of R&D activities for new product Development for the upcoming markets

Fortification of food products is important in view of malnourishment in children and ailments due to deficiency of key vitamins/minerals in the diet. Also, there is increased interest in development of fortified food items for health benefits (gluten free, super grains, starch free etc). The demand for new super food including a lot of coarse cereals has been growing in the western countries. Given the small but robust production of coarse cereals in tribal pockets and rain scarce regions of India, there is a significant potential for augmenting exports from India. FSSAI would be urged to notify standards with regard to fortified products for domestic market which would result in higher exports.

6.3 Marketing and promotion of “Produce of India”

The stakeholders have suggested constituting separate funds dedicated to organic, value added, ethnic, GI and branded products. It is also recommended that marketing campaigns be created for individual fruits or products such as “Wonderful Pom” and “Bananas of India”. This fund would primarily be utilized for a sustained communication campaign in the form of a branding blitz across key targeted markets. This must utilize both digital and traditional media platforms.

It is extremely critical to assist exporters in registering their products in importing nations. It has been suggested that the government provide assistance for product registration in target markets to the tune of 25% of the cost of registration. The government must continue its concerted efforts for targeted GI registration, stakeholder negotiation and preservation of GI tag.

As per feedback received from the various stakeholders, a rough estimate of the funding requirement has been identified. The effort will be to mobilize such resources from the allocations of different ministries, autonomous bodies, export promotion councils and the exporters to implement some of these interventions. Details of commodity and category specific fund requirement would be collated during further stakeholder consultation.

One of the examples often cited by stakeholder is the experiment carried out in Malaysia. Malaysia has introduced a commodity branding programme called “Malaysia’s Best”. This is an umbrella brand for the country’s horticultural products that guarantees quality and safety in accordance with Malaysian Standards and the Malaysian Good Agricultural Practice System. It was initiated for carambola, papaya, pineapple, mango and watermelon, but is to be extended to all other commodities. All farmers can apply to be certified although, initially, most certified farmers are contracted to the Federal Agricultural Marketing Authority (FAMA) for delivery to supermarkets. Similar campaign for Indian mangoes, pineapple, pomegranate, litchi, Indian tea and coffee, Indian spices could be initiated with joint efforts of exporters, autonomous bodies and IBEF.

India produces a variety of Agriculture produces in different parts of the country. Due to its fragmented nature of production, aggregating farm production to fulfil large orders becomes a difficulty even with big sized export companies. There is no information mechanism to ascertain the current stock available with different sources in different States. Currently the Indian agencies are performing specific tasks towards the export development. However specialized Field level marketing with order closure is not being taken up by any Agency.

In order to provide a platform for SHGs/FPOs/Cooperatives/Artisan groups, Agri export policy proposes to establish a mechanism for linking all credible SHGs, FPO’s, Cooperatives, Quality certified Private Processors and Traders etc through a public private partnership mechanism including exploring the possibility of Development of a portal to provide e-commerce platform for providing direct linkage to Farmers’ cooperatives, producer societies an export linkage.

6.4 Infrastructure and Logistics to support agricultural exports

Post-Harvest Infrastructure supports smooth logistical movement of agri produce. This will have a direct co-relationship in increasing export volumes, assuring quality & ensuring better price realization per unit. Some of the benefits are as follows:

- **Better quality compliance:** Post Harvest processing of agri-produce, such as waxing of fruits, irradiation treatment of meat, sorting of bad/damaged fruits/produce, will increase shelf life of the produce and will be helpful in maintaining quality of the produce for distant markets.
- **Facilitates smooth logistic handling:** Will assure better handling of produce, result in decreasing wastage, increase marketable surplus quantity. This will also generate better price realization (both value & volume advantages), will increase volume handling capabilities, thereby offering opportunities for expanding the Sourcing/Catchment area.

- **Expansion to distant markets:** Smoother logistics, better quality & volume handling capabilities will offer opportunities to expand to distant markets, improve the shelf life/keeping quality of the produce and offer higher opportunity to cover farther export destinations.

The Infrastructure proposed to support agri exports from the Focus States includes:

Packhouse: Will help increase marketable surplus by assuring quality through grading & primary processing of produce.

- Will provide the ability to cater to large volumes of produce for exports in shorter post-harvest windows.

Processing infrastructure: Value addition to raw produce will help ensure consistent quality, longer shelf life, and better price realization.

- Will also provide the ability to expand to newer markets and capture new consumer segments in current markets, thereby increasing export sales.

Cold storage: Low temperatures decrease microbial & enzymatic activity, it will increase the shelf life of produce by providing a constant low temperature environment and will increase marketable surplus for exports.

- Will also provide ability to capture off-season/complimentary-season markets.

Exit Point Infrastructure: Facilitates maintenance of uninterrupted ambient temperature chain (cool chain/cold chain) at the maximum distance possible.

- Provision of Perishable Cargo Center, Cargo Freight Stations for container stuffing, Reefer Containers, etc. ensure this from exit points to consumer gate.

The autonomous bodies and export promotion councils under the Ministry of Commerce will work with line ministries, State Govts. and exporters for identification and bridging of some of the missing gaps pertaining to infrastructure facilitating agricultural exports.

6.4.A. Ease of Doing Business (EODB) & Digitization

- Farm level – digitization of farmer land records

Digitization of land records, geo-mapping of lands, registration of farmers and farm producer organizations (FPOs) is critical to implementation of a smooth agricultural export policy. The central government has been working with the States to conduct widespread campaigns to formalize tenancy, register land records and carry out satellite mapping of lands while linking these details to farmer AADHAR cards. This will be critical in establishing traceability, market linkages and plugging leakages in public funds. Successful implementation of such digitization will facilitate consolidation and aggregation of land holding for export oriented cultivation.

- Market Intelligence cell at MoC and Portal for Information Dissemination

There has been a consistent demand from exporters across sectors for a dedicated platform to access trade and market related information. Recently, the MoC has created a portal on Trade Analytics which provides the trends for different commodities in different markets. Similarly, APEDA and MPEDA run agri exchange portal and fish exchange portal respectively to provide market intelligence to their stakeholders. India Trade portal is operated by FIEO with the support of Deptt. of Commerce and it provides information relating to tariff scenarios in FTA and non-FTA situations, the SPS notifications and also provides a window for Indian Embassies to offer market leads. Thus, relevant information on market intelligence is scattered in different web pages. Efforts will be initiated to develop an integrated online portal for real time updates relating to tariff, non-tariff, documentation, pesticide & chemical MRL notifications. This portal will facilitate exporters to make well-informed decisions related to markets, pricing, hedging and SPS notifications. The portal may also include a grievance redressal mechanism allowing exporters to flag off market related issues and challenges.

- Trade procedures and facilitation

Exporters reveal that lengthy and cumbersome documentation and operational procedures at ports are a constant challenge (refer table below). They have often recommended to implement 24 x 7 single window clearance of perishables imports and exports at key ports across the nation. It is equally important to station more quarantine officers at strategically important ports.

Economy	Ease of Doing Business Rank	Trading Across Borders								
		Rank	Border compliance		Documentary compliance		Border compliance		Documentary compliance	
			Time to export: (hours)	Cost to export: (USD)	Time to export: (hours)	Cost to export: (USD)	Time to import: (hours)	Cost to import: (USD)	Time to import: (hours)	Cost to import:
Bangladesh	174	172	100	408	147	225	183	1,294	144	370
China	84	96	26	522	21	85	92	777	66	171
Denmark	3	1	0	0	1	0	0	0	1	0
India	130	133	109	413	41	102	287	574	63	145
Malaysia	18	49	20	321	10	45	24	321	10	60
Singapore	1	41	12	335	4	37	35	220	1	37
Sri Lanka	107	90	43	366	76	58	72	300	58	283
Vietnam	90	99	57	309	83	139	64	268	106	183

6.4.B. Developing Sea Protocol

Developing sea protocols for perishables must be taken on priority for long distance markets. Export of perishables requires special storage, transportation and handling at desired temperatures. Time is a major constraint and air freight proves costly for exporters while low volumes and poor infrastructure make it unviable for airlines to

transport produce. However, India's export of fresh produce can grow exponentially if sea protocols are established across exported/exportable varieties of shortlisted commodities. A sea protocol will indicate at what maturity level harvesting can be done for transportation by sea. This exercise, has to be carried out in partnership with shipping lines, reefer service providers, ICAR and APEDA. Philippines and Ecuador are a classic case in point – both countries were successful in developing sea protocols for exporting bananas for 40 and 24 days of sea journey respectively. Philippines has been shipping Bananas to the Middle East which takes around 18 days while India has only been able to ship produce around 2-4 days transit period. Trials of sea protocol held at strategically important ports across India are therefore an immediate requirement that must be taken up on war-footing. This will go a long way in promoting trade.

6.5 Establishment of Strong Quality Regimen

The role of FSSAI, EIC, plant and animal quarantine and different Commodity Boards in setting standards, enforcing such standards and a robust accreditation and certification arrangement to identify export worthy establishments will be facilitating further exports. The facilitation in terms of a 'Whole Government Approach' in tackling SPS and TBT barriers of other countries will also quicken the pace of market access as well as to look at measures with regard to countries which are putting up unreasonable barriers.

As part of India's effort towards establishing a strong quality regime, the focus will be on strong R&D, new varieties, state of the art lab and a lab networking process for effective accreditation and monitoring.

6.5.A. Establish and maintain single supply chain and standards for domestic and export market.

There has to be a convergence of policy related to quality standards set for domestic market and those set for the export market. This is particularly challenging for unorganized and fragmented sectors such as fruits & vegetables, livestock and dairy where traceability continues to elude. As a result, India's agricultural produce often tends to fall short of standards laid by importing nations. Limited control over farm practices and domestic marketing also allows vested and competing interests to spread fears and stifle trade. The FSSAI (Food Safety and Standards Authority of India) is responsible for setting standards for food manufactured in the domestic market as well as food products imported in to the country. However, export standards are laid down by various bodies under Ministry of Commerce which are a result of norms stipulated by importing nations. High quality produce such as Mangoes, bananas and cashew are exported while lower standard and substandard produce finds its way to the domestic market across the country.

6.5.B. SPS and TBT Response Mechanism

- a) It is common knowledge that issues relating to market access go on for months, sometimes years together before countries allow market access for products. Apart from tariff barriers, which have been declining over the years on account of Free Trade Agreements & Regional Trade Agreements, the Non-Tariff Barriers (NTBs) and stringent quality/phyto-sanitary standards are becoming the norm for restricting/preventing market access. It is necessary to respond to rapid alerts and warnings and to ensure that the concerns/problem areas percolate to the producers/processors and exporters. In the absence of a response mechanism, the likelihood of temporary restriction/ ban looms large and sometimes it may take years to lift the ban. (e.g. ban on fruits and vegetables to EU, ban on green chilly to Saudi Arab, Ground nut to Vietnam, etc.).
- b) Apart from response to rapid alerts, the market access efforts require submission of pest risk analysis, dossier on animal health and disease control programme, addressing safety concerns of the importing countries/intending countries. Given the multiplicity of Departments/Agencies responsible for submitting/responding to these issues, it takes an unusually long time to respond, resulting in delay in market access.
- c) The residue levels in the food products, the testing protocol by the laboratories and the tolerance levels followed by importing countries is an issue on which convergence of efforts are required. Instead of multiple agencies extending accreditation to laboratories, an extensive mapping of competencies of labs along with their ability to carry out tests in accordance with tolerance limits set by importing countries would obviate the need for multiple accreditations. As part of the Agri Export Policy, the Deptt. of Commerce proposes to have a single portal which will provide the facility for single accreditation of labs and prevent different organizations from carrying out accreditation activities separately. NABL will be the lead organization for such accreditation. This will also facilitate a root cause analysis in case of default and penalize the defaulting laboratories in case of irresponsible sampling or testing mechanism for exported products.

Similarly, drawing up residue monitoring plans (RMP) would help in a) creating online platform for maintaining traceability, b) facilitating exports by standardising testing protocols. APEDA has already initiated this for grapes. As part of the Agri Export Policy a similar initiative by Export Inspection Council is proposed for the shrimps being exported from the country. Efforts will be to continue traceability initiatives and bring more and more agricultural products under its ambit.

- d) Depending on the pesticides which are banned/prohibited by the importing countries, sometimes a policy measure could be required in India, especially if, alternative pesticides are available. Registration of new pesticides by Central Insecticide Board (CIB), following the recommendation of their scientific panel may take months and consequently force prevalence of pesticides which have been banned/ found obsolete in importing countries. Sometimes, pesticides which are not registered in importing countries (e.g. tricyclazole in USA) require exhaustive scientific documents to be submitted for which CIB needs to play a proactive role.

e) Further, in case of export rejections of agri and food products, there is a need for doing a root cause analysis and identifying the reasons for such rejection. The United States Food and Drug Administration (USFDA) and European Union have developed a system of reflecting import rejections in their web portal. As part of the Agri Export Policy, the Department of Commerce proposes to develop a common portal to monitor all export rejections and provide a platform to different nodal agencies to take up a root cause analysis, take corrective action and in case of requirement, respond to the partner country regarding action taken.

Thus, in view of the above, it is suggested to create an institutional mechanism under the aegis of Department of Commerce with representation of relevant Ministries, Agencies to address India's market access request, calibrate it with trading partner's market access request for accessing the Indian market and quickly respond to SPS/TBT barriers. The mandate of the above institutional mechanism will look at the following areas:

- (i) Issues pertaining to market access, viz. Pest risk analysis, risk assessment of food products, submission of documents relating to animal disease control programmes, etc. efforts for accessing new markets and steps taken by respective agencies.
- (ii) NTBs faced by Indian agricultural, marine and processed products (including Tea, Coffee, Spices) and strategies for overcoming the NTBs. The NPPO, EIC, other Exporting promotion bodies like APEDA, MPEDA need to bring out the requirements and progress made between meetings.
- (iii) The status of our strength/ability for pre-export monitoring and quality testing for different products, identifying gaps and roadmap for bringing our laboratory and other pre-export infrastructure at par with international best practices.
- (iv) Initiatives for online transactions, ensuring that systems developed by different agencies, viz. ICEGATE of Customs, DGFT's software, Export Development Authorities' software talk to each other and reduce paper work for the exporters, as part of ease of doing business.
- (v) Addressing concerns of exporters relating to national standards, harmonising it with Codex or other international standards, import clearance of ingredients by FSSAI, risk based inspection/client accreditation system for quicker export/import clearance could also be discussed in this platform.

6.5.C Conformity Assessment

Many importing countries do not recognize India's export inspection and control processes. The lack of recognition of Indian testing procedures and conformity standards proves costly to exporters and therefore farmers. Many times this means multiplicity and

duplication of tests by various laboratories across the country. Spices, organic food, Basmati products have been most affected by this. Equally, the government must make concerted efforts during bilateral discussions for mutual recognition of ethnic and organic products and standards. EIC, APEDA, MPEDA, Spice Board, etc will continue to strive for conformity assessment procedure to be recognized for smooth export of agriculture exports.

6.6 Self-sufficiency and export oriented production

While India has been one of the major players in export of agricultural commodities, the sustained economic growth rate, rising population and a middle class has also meant increased levels of demand for agricultural imports, especially those commodities which are not grown on a large scale in our country.

India imported about USD 25 billion worth Agricultural products in 2016-17. Main items of import are Edible oils (USD 11 billion), Pulses (USD 4.3 billion), Raw Cashew, Almond, Walnut and Pistachios (USD 2.2 billion), Wheat (USD 1.3 billion), Coffee, Tea and Spices (USD 750 million), Apples (USD 300 million), Cocoa (USD 230 million).

In 2017-18 due to increased production and supporting policy measures there was reduced import of certain pulses. Interventions in production by area expansion, increase in productivity, supportive policy measures are required to achieve self-sufficiency.

Agri export policy would strive to work with line ministries in identifying areas in which there is a potential to reduce import dependence and achieve self-sufficiency. It will also focus on taking the feedback of the stakeholders and autonomous bodies of Commerce to identify potential export gains through investments in the production process. An exercise carried by MPEDA shows that with some investments to increase current levels of production in aquaculture there is a huge scope for increase in exports.

- It is estimated that investment of Rs 4785 crores over the next few years in cashew plantation/re-plantation may lead to import substitution worth Rs 19,500 crores (by 2025) and additional 56,000 tonnes of cashew production or Rs 3,250 crores in yearly exports can be achieved by 2025.
- It is estimated that investment of Rs 350 crores in apple sector may potentially lead to import substitution worth Rs 1400 crores by 2025. Additionally it also expected to produce enough surplus for export of Fresh Apples.
- It is estimated that an investment of Rs. 5250 Crores for the development of 35000 Ha water area and about Rs. 750 Crores for providing the Seawater irrigation system for aquaculture will result in an estimated 7 lakh MT of shrimp production per annum which can yield an additional Rs. 36,400 crores exports per annum. Similarly, Crab (Rs 80 crores investment / USD 50 Million export), Tilapia (Rs 250 crores investment / USD 36 Million export), Seabass (Rs 50 crores investment / USD 32 Million export),

Cobia (Rs 25 crores investment / USD 5 Million export) and Tuna (Rs 5 crores investment / USD 50 Million export) may also be supported for diversifying the export basket.

The Agri Export Policy will mandate the export promoting autonomous bodies and export promotion councils to work with the stakeholders and State Governments to identify such export oriented production aimed at self-sufficiency and exports.

6.7 Research and Development

Stakeholders have often recommended the need to identify and utilize resources for export-oriented product development and quality testing of identified commodities. There is also a need for importing improved germplasm in some varieties of agricultural products. Suggestions on interventions required in R & D sector would be sought from stakeholders to ascertain the financial implications.

Agricultural research and development (R&D) led by private industry along with higher infrastructure spend by the government will be the key to boosting agricultural exports. Decades ago, Indian agricultural R&D witnessed breakthroughs with the green and white revolution. Since then, cereals have enjoyed higher allocation - in the field and in the laboratory - as compared to horticultural crops. On the export front, PUSA Basmati 1121 is perhaps a good example of successful domestic research by IARI to have brought in accolade and foreign exchange; the Basmati export industry tripled from being a less than US\$ 1 Billion industry to US\$ 3 Billion after its introduction.

Along with this, innovations in packaging, improving shelf life of products and greater R & D in developing products to suit the palates of importing countries would be a priority. The Autonomous Bodies under Ministry of Commerce, including Indian Institute of Packaging will work with the stakeholders, MOFPI and ICAR, CSIR and State Governments in this direction.

- **Importing export oriented seed germplasm**

The long gestation period in seed development and commercialization is indeed a costly barrier to boosting productivity. The private sector has displayed apprehension in technology transfer due to purported lack of adequate regulation and protection of Intellectual Property Rights. It has been proposed that the Central Government constitute a corpus which will act as Matching Fund for importing germplasm and seed varieties of identified exportable focus crops from breeders across the world. ICAR, APEDA, Spices Board, MPEDA and private industry must be the key stakeholders. For each focus crop/product, negotiations must be carried out with leading exporters to frame a mechanism for providing grants matching private contribution toward varietal import. It will be equally important for the government to ensure better enforcement of IP Rights to encourage private participation.

- Exporters suggest there is a need to import patented colored/self-thinning grape varieties which are in demand in international markets.
- Newly successful Indian grape varieties such as Nana purple, Krishna seedless (black seedless) and super sonaka, Manikchaman, SS, RK (white seedless varieties), which are popular in the middle east need to be formally recognized, registered with establishment of post-harvest protocols.
- Potato seed to be improved for better quality & longevity (e.g. Holland origin)
- Import less pungent varieties of garlic and white onions for exporting to EU
- Internationally accepted pomegranate varieties of 500 gram size must be imported as against the average 300 gram sized fruit grown in India
- **Testing labs with strong infra in NE region to support export of organic produce**

With single-minded export cluster focus, North East region has the potential to produce exportable organic produce. Spices exporters have particularly shown interest in the organic/non-organic high quality turmeric, ginger and pepper grown in the region. This would require setting up testing and certification laboratories. Currently, the produce is sent to Kolkata for testing which is logistically challenging and proves extremely costly. It has been proposed by stakeholders that an NABL accredited laboratory be set up in Guwahati, particularly for the testing of spices. The aforementioned recommendation to upgrade storage and handling infrastructure at Guwahati airport will be complementary to this measure.

Furthermore, the feasibility of setting up plant quarantine and testing laboratories at Akahura in Agartala, Sutarkandi in Karimganj, Dawki in Meghalaya Moreh in Manipur and Zokhawthar in Mizoram must be carried out. This would help promote and regulate informal trade at these stations via Myanmar en route to South East Asian nations.

6.8 Miscellaneous

6.8. A - Creation of Agri-start-up fund

Entrepreneurs are to be supported to start a new venture in Agri products exports during their initial period of establishment. A start-up in the Agri export sector, which is going to work on a new concept / product / project may submit its proposals. All such proposals would be referred to the fund manager for its evaluation and provide funding for the deserving proposals which are going to aid in increasing agricultural exports from the country.

Conclusion

The Policy aims at addressing a whole range of issues which could potentially propel India into the top bracket of agricultural exports. It has often been recognized that integration in the global value chain is one of the most certain methods of adopting the best agricultural practices along with attaining productivity gains and cost competitiveness. The objective of doubling the farmer's income will invariably require high levels of income as well as improving in the food value chain. The Department of Commerce would seek the feedback from the stakeholders which would be useful in further fine tuning the measures suggested in sections above. The feedback may be sent in the following mail addresses:

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