

National Conference
On
Empowerment of Small Farmers into Markets
(3-4, February, 2009, Hyderabad, India)

International Federation of Agricultural Producers (IFAP)
Federation of Farmers Association (FFA), India

National Conference

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Empowerment of Small Farmers into Markets

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DAY I (3-02-2009)

Mr. N. Vijay Kumar, the Project Director of FFA initiated the workshop by introducing the guests to the participants. Dr. K. P. Singh, Asia Chair – International Federation of Agricultural Producers (IFAP) was invited to the chair the workshop. Mr. Venkatappa Reddy Additional Commissioner of Marketing, Government of Andhra Pradesh, was invited to be the Chief Guest. Mr. Chengal Reddy and was invited on to the dais as the speaker while Mr. Prabhakar Reddy, the president of the FFA was invited on to the dais to provide the welcome address for the workshop. Mrs. Beatriz Del Rosario was invited on to the dais to dwell upon IFAPs contribution. The researcher Mrs. Felicity proctor and the moderator Mrs. Saralagopalan were introduced to the participants. The workshop started by the guests formally lighting the lamp.

President of Federation of Farmers' Association (FFA), Mr. Prabhakar Reddy welcomed the participants, set the theme of the workshop and appraised the participants about the new Agricultural Produce Market Committees Act.

In the inaugural address, chairman of the workshop, Dr. K. P. Singh introduced IFAP to the participants as a background to the workshop. IFAP, formed in 1946 with the support of FAO and UN, initially had members drawn from 6 countries. At present, IFAP represents 115 National Farmers' Organisations (NFOs) from 85 countries spread across all the continents. The combined membership of these NFOs stands at 600 million farmers. IFAP seeks to manage the contradiction between food security for the poorer sections and reasonable price for agricultural producers (farmers). Though initially IFAP was started by the big farmers in the western countries, now the focus has shifted to the small farmers in developing countries. IFAP specifically focuses on the following concerns of farmers: trade and agricultural policy issues, strengthening farmers in the markets, environment and sustainable development, food safety and quality, animal health and welfare, and agricultural research in different fields. To the above concerns, recent additions are women in agriculture and making agriculture attractive to the young people. IFAP enjoys consultative status with UNESCO, and works closely with IFAD, FAO, WHO, etc. IFAP, with headquarters in Paris, has four regional committees and several special commodity groups. The regional committee of Asia has 16 NFOs representing 12 countries. National Institute of Agriculture, Delhi (NIA) and FFA are the NFOs that represent Indian farmers in IFAP. In Asia, IFAP also focuses on bio-fuels, and strengthening women leadership, etc. It is in this background that the present workshop was being held to seek the views of the farmer leaders to set the future agenda on the issue of empowering small farmers in the market.

In his message, the Chief Guest, Mr. Venkatappa reddy, dwelled on the government's perceptions and plans about the small farmers, its attempts to encourage small farmers' participation in the market and what further requires to be done. He specifically asked the farmer leaders to encourage the farmers to take advantage of the following schemes already under implementation:

- The APMC Act 1962 (old Act) provides for 14 of 18 members of the committee to be drawn from the farmers. But the farmers members in the committee do not participate actively. If they can participate, the interests of the small farmers can also be protected.
- Though 10 lakh MTs of storage space was recreated in the state for the use of small farmers, the occupancy rate is only 30%. The farmers can also get loan of up to 75% of the MSP by pledging the produce stored in these storage facilities. But the farmers are not coming forwards to use these schemes.
- In the market yards, separate platforms are earmarked for small farmers to enable them to directly sell to the purchasers. There is no need to go through the commission agents if the farmers use these platforms.
- Farm inputs are being supplied through the market yards, but the off-take remains much to be desired. The quality of seeds and fertilizers is also being ensured.
- Government introduced MARKNET so that the farmers get to know today's price of various agricultural commodities in all the 315 agricultural markets in the state using internet. These schemes not only enable broadcasting current prices, but are also useful in forecasting the prices.
- Government is also closely working with Forwards Markets Commission to smoothly implement the futures and options.

He indicated that the Government is aware of the fact that the agricultural production is seasonal while the demand for the produce exists throughout the year. In light of this, the policy focuses on increasing shelf life of the agricultural commodities (by introducing collection/ procurement and storage spaces and cold chains) and smoothening the supply of agricultural produce in the marketing. This would lead to price stabilization. Also, as post-harvest losses, which currently are at 10%, can be reduced thus increasing the efficiency of the system and the prices realised by the farmers. The policy is being executed by making investments in three terminal markets in the state. Another area of policy initiative of the government is to increase the supply of institutional credit to the farmers, which at present meets only 20% of the requirement.

Finally, he indicated that to realise the shift in agriculture from subsistence activity to an economic enterprise, a price stabilization fund needs to be created. This fund can be used to purchase agricultural produce when the prices are very low (un remunerative prices) and then slowly release the same in the market later. He explored the farmer leaders to work towards the creation of such funds, with an allocation of about Rs.10,000 crores.

FFA, the host organisation, was introduced to the participants by its Chairman, Mr. P. Chengal Reddy. FFA is a network of small farmers' organizations all over AP. It works with govt. departments and also with private sector which involves in processing, marketing activities. The organization is making efforts to ensure that the remote sensing

technology is available to the small farmers. FFA is also implementing a project aimed at the conversion of food waste of agricultural market yards into manure with the help of Bhabha Atomic Research Institute. FFA, along with CIFA, works to identify policy and administrative issues and works to resolve them. It has worked for the promotion of Parliament Members' Farmers Forum comprising 100 MPs for policy changes.

Mr. N. Vijay Kumar, Project Director, of FFA appraised the participants about the marketing initiatives being taken up by FFA as a way of setting the discussions rolling. These marketing interventions are aimed at enhancing economic conditions and providing alternative marketing channels linking them to markets; avoiding the market manipulation; and integrating the farmers into value chain. Mr. Vijay Kumar explained that the FFA took the following commodities for intervention:

- Mango in Chittoor district in partnership with Coca Cola
- Sorghum in Mahabub Nagar District in association with ICRISAT
- Vegetables procurement in Hyderabad along with ATMA
- Cotton in Warangal and Ranga Reddy districts in association with WWF

FFA's role in these initiatives is to organize the farmers into Mutually Aided Cooperative Societies (MACS) and helping them with market intelligence, knowledge and skills and ultimately helping the small producers to market their agricultural produce in an efficient and effective manner.

With this background provided by the hosts, Ms. Felicity Proctor of ECART, the lead facilitator of the workshop outlines the theme of the workshop. European Consortium for Agricultural Research in Tropics (ECART) is working towards achieving the goals of strengthening the capacities of farmer organizations in developing and emerging market economies to empower their small holder members in markets. This includes strengthening the policy and regulatory environment and helping to remove barriers to market access. ECART is working together with the International Federation of Agricultural Producers (IFAP) and National Farmer Organizations to focus on pro-active lobby towards a more enabling policy and regulatory environment to enable smallholder market access and inclusion, towards more effective economic organizations, towards more empowered smallholder farmers in markets. The program Empowering Small Farmers into Markets (ESFIM) conducts a series of working meetings in each of the 11 countries. Each country has an oversight committee.

The members of the committee for India are P. Chengal Reddy, K P Singh, Vijay Kumar, Sarala Gopalan, Vijaya Bhaskar and the resource persons for these meetings are Ms Felicity Proctor and Ms Beatriz Del Rosario. The objectives of this workshop are to share lessons and experiences across India on empowering and linking farmers to markets and related policies, to share the views and opinions of farmer organizations and agree key issues/ bottlenecks and entry points for intervention, and select key areas under further elaboration under ESFIM program. This will be done through a series of key short speakers through out the two days, learning from all participants – working in groups and in plenary, together develop an action plan, prepare a report for wider use.

After a short tea-break and a round of introductions, Mr. Ashok Alur from ICRISAT presented their marketing initiatives regarding Sorghum crop. The program is “Enhanced utilization of sorghum and pearl millet in poultry feed industry to improve livelihoods of small scale farmers in Asia”. The project aims at mobilizing groups of small-scale sorghum and pearl millet farmers in Asia for improving production and productivity by use of improved cultivars, improved technologies and new science tools, adoption of scientific storage handling practices, improved communication between farmers and other stakeholders and bulk marketing of grain for increasing farm income by 15%. Key Stakeholders: Farmers, farmer organizations (FFA), Universities, NGO’s, seed and other input suppliers, credit agencies, and poultry feed manufacturing companies, poultry producers and other alternative end users. The activities undertaken in this program are use of improved cultivars (35 sorghum, 5 pearl millet), supply of seed to the farmers (9906 kg Sorghum, 1060kg pearl millet), soil test based fertilizer application and adoption of INM, field demonstrations on INM/ICM (50 demos on farmers fields), field support and on farm advise to the farmers, cross visits, field days and on-farm training inputs in small groups, grain sampling for quality analysis, crop harvest at Physiological maturity etc. This program is being implemented in Andhra Pradesh, Karnataka and Maharashtra.

Having thus set the tone for the workshop, the participants were asked to write down the issues and challenges being faced by small farmers on flash cards supplied. The participants could write as many issues as they wanted - but each issue is to be written on separate flash card. At the same time, the farmers' leaders among the participants were asked to talk about the issues and challenges that they are facing. The participants handed-over the filled in flashcards to the facilitators during and at the end of the presentations of the farmers' leaders. The following points emerged during the views expressed by the farmers' leaders:

- In tobacco, there is great problem with the auctions. Hence the government may be requested to introduce e-auctions through out the country.
- Formation of commodity groups from grassroots to national level and linking them with one another can help the farmers in a big way. These organizations can negotiate the prices for their commodities, based on a fair calculation of cost of cultivation.
- Identifying commodity catchment areas to establish more processing units and processing a larger percentage of the produce can give more profits to farmers.
- Government is the major consumer of food products (For hostels, prisons, PDS and other schemes). But it follows the process of tenders to procure the commodities. The process of tenders is such that only traders can participate it to the exclusion of producers. Government should be asked to procure directly from the farmers' collectives. For this, farmers' collective cooperatives may also have to be promoted.
- Government is providing input subsidies. Most of these subsidies benefit the manufacturing units and not the farmers. Hence, government could consider providing output (or produce)-based subsidy. Such subsidy can pass on the benefit directly to the farmer and also encourage farmers to produce more.

- To protect the interest of consumers, government is suppressing the food grain prices which are squeezing the farmers. Measures should be taken to protect the interests of both consumers and producers. The subsidies are not reaching the poor farmers directly. Transfer the subsidy directly to poor, target more number of poor, and increase the number of poor in subsidy net.
- Presently government is supplying only rice through Public Distribution System. It should take steps to supply minor millets to help the small producers.
- Paddy farmers are being exploited by government. Government is fixing the Minimum Support Price (MSP) keeping in view the consumers, but not the cost of cultivation. Farmer's own labour is not been considered in determining the MSP. Sometimes, the MSP fixed by the government is lower than the market rate available to the farmers. This reduces the market price as happened with the discoloured rice in AP. M.S.Swaminathan committee recommendations in this regard should be implemented.
- Even the movement of paddy across districts is highly restricted and government (as in the case of Andhra Pradesh) procures over 75% of the produce. Thus, the farmers are unable to take advantage of the market dynamics and better prices available even in the neighbouring states and districts.
- After introducing National Rural Employment Guarantee Act (NREGA), there is lot of scarcity for agriculture labour. Youth are not willing to enter the agricultural sector. This has led to a situation where labour is not available for labour intensive crops like paddy. The only solution is mechanization of operations, but there is no focus on mechanisation that helps the small farmers – all the machines that exist are for the large farmers. Even if there are some machines, small farmers are unable to raise adequate credit (due to their small holdings) to purchase machines that are required. NREGA is worsening the situation of the small farmers.
- Government should keep in mind that farmers are not only producers but they are also consumers. Social security, marketing linkages are the issues to focus. Professionalism is important in increasing the yields. Risk cover (seeds, pesticides, produce and social) should be there.
- There are no proper weighing systems in the agricultural markets. Electronic weighing is needed. Agricultural markets are not functioning properly.
- A car producer decides the price for his product. But the farmers are not able to decide the price for their produce. Somebody else is deciding. It is difficult for a farmer to take back his produce once he comes to APMC. What ever is the price the farmer has to sell and there is no other go for him. One farmer leader lamented, “We sell at minimum support price. We buy at maximum retail price”. Government is not treating the farmers as both producers and consumers.
- Accounting for 32% of the total fruit production (19.19 million metric tonnes from 0.565 million hectares of land) banana is the most important fruit crop in India. This fruit suffers post-harvest losses of 15-22% amount to Rs.230 crore per annum. These banana farmers need a small or medium (10 MT-50MT) sized bankable model post harvest logistics. Pack house model for all the growers and Common Interest Groups (CIG) to adopt and standardize the marketing system could be of help.

- Of the production of about 13 lakh tonnes of apples per year, only 0.34% is processed into juice concentrate. The processed juice concentrate is only 0.64% of the world production. Due to lack of post-harvest infrastructure like reefer vans and cold storage, about 14% of post-harvest losses exist in apples, amounting to a loss of over Rs.100 crore annually. Apples are grown in mountaneous regions and hence the road connectivity is very poor. This increases the costs of bringing apples to the market. Proper sorting, grading and packaging facilities should be set up in the apple growing areas to enable post-harvest operations by the farmers.
- Though culled and low grade apples are procured under the market intervention scheme by the government, the payment is made to the farmers with a delay of over one year (18 – 20 months delay). There is a legislation under which the government has to pay 15% extra amount if the payments from the governments for the produce procured by it is delayed. This is not implemented till now.
- Though the support provided by the government to the apple growers under the market intervention scheme is appreciated, these apples are released into the market at the same time as the good apples arrive in the market. This dampens the price even for the good apples for the farmers, and ultimately the farmer loses. Hence, the government is requested to process the apples procured under the market intervention scheme.
- Farmers are associated with different political parties and are not able to influence policy makers.
- Prof. Alagh Committee recommended that the Commission for Agricultural Costs and Prices (CACP) be made an autonomous body. Government is yet to implement this recommendation.
- Out of the total credit requirement of the farmers only 20% is being met by formal sources. We have ample number of programs and schemes, but the lacuna is in implementation. Farmers are not getting a fair share in consumer rupee. Farmer's collectives can be a way forward to address many issues of the farmers.
- In Meghalaya, the traditional tribal institutions dominate. Under these institutions, all the land belongs to the community and individuals do not have any *pattas* (legal papers determining the right on the land). Hence, the banks are unable to disburse agricultural loans in Meghalaya. Thus, the systems of credit disbursements are yet to align with the local cultures in India. The banking system works on alien and archaic rules and systems.
- In addition to the agricultural produce, the farmers can use their wasted lands to grow plantations and benefit by obtaining carbon credits and trading the same. Schumacher Society has initiated one such intervention to reduce the poverty in Orissa. However, the procedure for obtaining carbon credits is cumbersome. Hence, the government needs to act and simplify the process of obtaining carbon credits.
- Just as the low yields are a disaster, high yields are also a disaster as the market price would dip to the lowest. However, no security/insurance/risk cover is available for farmers against this disaster.
- The popular perception is that the farmer has been growing crops since long and he does not require training. However, a lot can be gained if the farmer becomes any one crop and deals with farming as a professional. This can improve the

overall situation of the farmers and profits from farming. Hence, training and extension are important.

- Due the manner in which the sugarcane industry is structured, the sugarcane farmers have become worse than serfs. Everything is decided for them – the time of sowing and harvest, the mill to which the farmer will sell the produce and the price at which the cane would be procured. Unlike other crops which are procured as a general practice at the agricultural field, the sugarcane farmer has to deliver the cane at the factory gate. Due to improper management of the sugar mills, the farmers are paid the amount with a lot of delay. Even if the farmer does not like the price offered for his cane by one factory, he cannot sell it to any other mill.
- Among deterrents for farmers to directly sell their produce in the market yard is the payment mechanism. As pointed out by farmer leader representing wheat farmers from Madhya Pradesh, the purchasers pay in cash and taking cash back to the village has its own risks. Hence, farmers prefer to sell the produce in the village itself and remain content with what ever price they receive.

In between the presentations of the farmer leaders, there were some sessions to inform the participants about the larger issues like WTO, scope for involving the farmers in the market through the work of Multi-Commodity Exchange and perceptions of the large retailers about the involvement of small farmers in market.

Mr. Ganeshan, advisor for FFA/ CIFA on WTO issues, presented status of Indian exports of agricultural produces and the share of India in the total agricultural exports worth around 1128 \$ billion in world. Just 14 countries and European Union account for 84% of world's agricultural exports. India's share is mere 1.4% though we have the second largest area under agriculture in the world. India occupies second place in the world in the production of cotton but we are failing to export our produce in large quantities.

Mr. Madhava Reddy, Vice-President (South), Multi-Commodity Exchange, appraised participants about the concept of spot exchange and the efforts of MCX to bring all the markets into a single platform and disseminate the spot market rates across India. In some states, MCX got permission to by-pass the market committees, while in some states the APMC Act does not exist. MCX is able to connect all these markets. MCX works on a principle that if we have a market where all the interested parties in a particular commodity can come to a platform it will benefit the small farmers in a big way. Hence, he pleaded the farmer leaders to work towards a unified markets across India so that the farmers are able to take advantage of variations among the market prices.

Mr. Venkata Krishna from ITC e-choupal explained the role of retailers in linking the farmers with the consumers and scope of linkages between retailers and small farmers. The retailers incur a cost of Rs 90-95/- for procuring a Rs 100/- worth of goods. Among the costs, the costs of quality checks are very high compared to the international bench marks. It is here that the farmers' organisations can be of help. They can take up actions where by the farmers' collectives can ensure the quality of the produce handed over to the retailers. This would reduce the cost of quality, and improve the returns to the farmers. The costs of the retailing also increase due to two other reasons: (a) Over 20 licenses are

required to be a retailer. There are costs in getting these licenses and the resultant inspections. (b) The notifications about the quantities of produce that can be stored are announced at short notices and the retailers are put to a lot of inconvenience in this regard. This increases the costs to the retailers, which leads to reduced payout to the farmers.

Another area where the farmers' organisations can help is in keeping the farmers informed about the consumer preferences. This would enable the farmers cultivate the crops that are demanded by the consumers and allow the retailers to have a long term partnership with the farmers. As against this, at the present day the farmers grow crops that they are more comfortable with.

Mr. Narasimha Rao from Reliance Retail appraised the participants about their attempts and experience to engage the small farmers. Reliance Retail initiated a fruits and vegetables procurement centre at Medchal, near Hyderabad to engage directly with the small farmers. The experiment so far involved 35 items. The learnings from the experiment so far have been: (a) is important to transform our agriculture from production oriented to market oriented. (b) Quality standardization and branding by farmers can help farmers in a big way. Already the preference to purchase specific items from specific farmers has been emerging within the system. (c) Value addition (like grading) will help the farmers to get a better price in the market and reach out to niche customers. (d) Since small holdings increase the costs, collectives of farmers can help in empowering the small farmers in their interactions with market.

The following clarifications emerged during the question and answer session that followed these presentations:

- At present, the SAFAL exchange can accept fruits and vegetables brought to the exchange by the farmers only if there is some one willing to buy in the exchange. If there are no buyers on a particular day or the quantity that arrived in the exchange is more than what is sought by the purchasers, then the farmers have to go back without a sale. This causes hardship to the farmers, and this cannot be avoided in the foreseeable future.
- Unlike manufacturing, the quality of the produce depends on parameters that are beyond the farmers' control. However, the retailers only take the good quality produce. In most cases, the produce of the farmers has more than one quality. If the good quality is procured by the retailers, the farmers do not know what to do with the low quality produce. Thus, there is an inherent conflict of interest between the retailers and the farmers.

President of Mulkanoor Mahila Dairy, Ms. Vijaya, later appraised the participants about their success in interactions with the market. There are over 19,000 members in the cooperative. This is the only women's dairy cooperative having processing plant. Most of the employees in the cooperative are also women. The enterprise of dairy processing plant (25,000 litres per day capacity) under their cooperative was started with the financial and technical assistance only after the market survey revealed the existence of demand. Then when the production began, the women went door to door in the

Warangal, the town in which their main market was, to campaign about the quality of the milk and the advantages of packaged milk of Mulkanoor Mahila Dairy. This collective thus empowered the members (most of whom are small producers) in their interactions with the market. In addition to serving the marketing needs of the members, the cooperative also provides several services like savings, insurance (Janasri Bima), insurance for animals, medical camps, vaccination, seed and feed supply, etc. The demand for milk in area has been recently reassessed and the plant capacity is to be expanded to 50,000 litres per day to meet the demand. There are plans to produce value added products of milk like ghee, paneer, ice-creams, etc., in the milk processing plant.

Mrs. B. Rathna Reddy from Chittoor district, Andhra Pradesh, recounted her success story by adopting integrated farming. Though the family had opportunities to stay in the cities where her husband retired, they chose to come back to the village and take up agriculture. They have 20 cows and use the dung and other agricultural residue to prepare the vermi-compost from six vermic-compost beds. They started cultivating medicinal plants (400 varieties) and used SRI method of cultivation for paddy. With both these, the family reaped rich dividends. The family have moved forward in the value-chain by setting up a herbal extraction factory to extract 500 tons of herbs per year. They have also standardised herbal medicines and have started treating patients for chronic diseases like paralysis, jaundice, diabetes, kidney stone, urinary track infections and other problems, asthma, etc. She is moving forward with a vision establishing a herbal hospital for treating people with effective herbal medicines at affordable cost. Thus, the farmers can benefit by diversifying and moving ahead in the value chain.

Dr. Sarvamangala Patil, Principal of Biotechnology College, Gulbarga, Karnataka, dwelt on the point that the farmers had to reduce the cost of cultivation to improve their profits. Lowered cost of cultivation can enable them to hold the produce for some time, in the case of non-perishables. Biotechnology can come in handy in lowering the costs. For example, out of 509 species of earth worms, we are using only 3 species in the preparation of vermi-compost. Through biotechnology we can degrade/ prepare compost quickly and increase the availability of compost during the crop season.

The day concluded with Ms. Felicity Proctor reading out the issues that the farmer leaders wrote on the flashcards supplied to them. She indicated that these cards would be sorted out and put up for the participants to go through and discuss further on the issues.

DAY II (4-02-09)

The facilitators of the workshop including, Felicity proctor; Vijaya Bhasker; Vijay Kumar and Mrs. Sarala Gopalan were involved in the categorization of the flashcards from the first day of the proceedings into 14 thematic areas and these were stuck up on the wall. The following is the list of the 14 thematic areas:

1. Role of government in trade and commodities including Minimum Support Price (MSP)
2. Labour shortage, cost of labour and its implications
3. Input costs – unavailability, poor quality of inputs
4. Opportunities for collective action – Farmer Organizations
5. Market linkages
6. Credit- Deal with middlemen
7. Research and extension- lack of knowledge
8. Procurement and marketing- policies, WTO and exports
9. Risk- Less production, More production
10. Government role in execution of market issues – lack of facilities in mandis, lack of infrastructure etc
11. Government role in financial management – Delayed payments, subsidy on inputs
12. Post harvest infrastructure
13. Production – Increased productivity, Irrigation, Mechanization
14. Diversification of agricultural production – new produces

The content of all the flashcards is given in Annex 1.

Identification of Policy Issues to Work on

Ms. Felicity Proctor explained the revised schedule to the participants and asked them to go through the categories into which the flash cards were put into, reflect upon them and prioritize. Each participant was given three stickers and they indicated their preference by sticking the stickers on the categories. This resulted in the participants closing in on three issues as priority issues for further discussions and identification of areas for working on policies.

- Post-harvest infrastructure.
- Government's role in trade and commodities.
- Marketing of farm produce

The participants were divided into 3 groups. Each group discussed about the assigned issue for about an hour with a view to clarify the issues involved and the steps that can be taken up by the government to solve the issues. The group work was later presented in the plenary.

Presentation by Group I: Post-Harvest Infrastructure

The members of the group were: Shri. Basavaraj Ingin – Chairman, Shri. G.Ajeethan, Shri. G.Sharma, Shri. K.V.Kannan, Shri. Kumar Krishnan, Shri. M.Sekar Raju, Shri. R.Swamy, Smt. Bharathi, Smt. Ratna Reddy.

The following points emerged as the actions that the government could take up with regard to the post-harvest infrastructure:

- Identifying commodity catchment areas, and plan to provide relevant post-harvest infrastructure based on the production estimates. Then the infrastructure built would not be wasted without being used.
- Construction of all season thrashing floors.
- Storage Facility near thrashing floors.
- Processing facility for Grains + Grading.
- Drying yards
- To standardize packing of grains at 50 Kg
- Formation of roads – (a) from field to processing centres, (b) from processing centres to storage, and (c) from storage warehouses to market yards/ mundies.
- Build storage for food grains, perishable goods (multi-chamber cold storage facilities).
- Processing Units for value addition in the commodity catchment areas and near storage facilities
- Transport facilities for horticultural crops like reefer vans, collapsible crates.
- Market information system to facilitate exports – Kiosks to facilitate access to information.
- Air cargo subsidy for fruits, vegetable and flowers to lift them from production point to the markets and to facilitate export.
- Provision of improved shed and elevated platform in village level shandy.
- Permission to convert grains and vegetables into ethanol and other value additions
- Capacity building in creating awareness in preventing post harvest losses.

Presentations by Group II: Government role in trade and commodities

The participants of this group were: P.V. Subbaiah Chowdary, Yogesh Dahiya, Milind Murugkar, Satnam Singh Beru, Chandike Swarsingh Tiwari, M.V.S.Nagi Reddy, Leeladhar Rajput, V.S.Emmimath, Gurmail Singh, Goutham.

Observing that the policies in this respect are not farmer friendly, the group felt that the following actions need to be taken up by the government to improve the situation of the small farmers:

- All subsidies should be given directly to the farmers, and not to intermediaries like fertilizer manufacturers or electricity suppliers. This would enable the farmers to benefit from the subsidy.
- Policy initiatives to organize Commodity Interest Groups (CIGs) covering all the stakeholders in the value-chains.
- The trade policy aimed at price suppression taxes the farmers for the benefit of the consumers. Hence, the trade policies related to import and export should be based on supply and demand and not aimed at price suppression. Restrictions on movements and value addition of agri-produce and products should be removed.

- The MSP should be fixed based on the recommendations of Prof. M. S. Swaminathan Committee Report (which recommends MSP of C2+Minimum 50%)
- Strengthening of Market Information System.
- Input policy to provide for certified seed and 100% seed replacement.
- Provision of timely and adequate credit at affordable rate of interest.
- Timely provision of quality fertilizers and pesticides
- Strengthening of agri-extension services

Presentation of Group III: Marketing of Farm Produce

The members of this group were: Ajay Kumar, Kausalendra, M.Joshi, Rajeev Chauhan, Ahmed Ali, V. Vijaya, Yogendra, G.Vijaya, Srilatha and MVS Nagireddy.

The group observed that the marketing strategy should be based on the nature of the commodity that has to be marketed. It is not possible to devise a generalized strategy. Hence they took the commodity milk for consideration and discussed about its existing marketing channels.

There are five channels of marketing milk: (1) Direct to the consumer (2) Middle man (3) Cooperative societies (non-government) (4) Government channels (cooperation societies) and (5) Private companies.

The group identified the following problems in the marketing and suggested the following solutions to overcome the problems:

<u>Issues & Problems</u>	<u>Possible Solution</u>
1. Payments are not in proper time	0% Interest rate working capital to cooperatives.
2. Procuring milk has become a problem in those places where there is no channel infrastructure and system	Investment in communications and IT Infrastructure Investment in infrastructure related to trade like electricity, testing machines, cooling units and insulated milk tankers. Conducive environment to promote autonomy of cooperatives (MACS)
3. Value addition	Promotion of chilling plants
4. Lesser payment to dairy farmers	Subsidy should be given on transport & rents
5. Malpractices exist in the system	- Quality testing machines should be introduced - Electronic weighing - Packaging should be encouraged - Low cost technology transfer and extension services - Direct Marketing System (Rythu Bazar)

Identification of Research Agenda

To enable articulation and engagement the policy makers on these policy issues identified, some research on these and related issues could be necessary. The participants were asked to reassemble in their groups and identify the research issues that can be taken up for study under ESFIM program.

The group presentations brought out the following issues as important for research.

Group I: Post Harvest

1. Study periodically the area and production under various crops, as the present data is totally unreliable even to give us a trend.
2. Develop methodology of agricultural planning that considers each village as a unit for planning post-harvest infrastructure. Even if huge infrastructure is made available at some cluster centres, the farmers may not be able to use the infrastructure owing to the transaction costs. Methods to adapt village as unit for the planning purposes need to be developed.
3. Develop a model project in each commodity, and demonstrate the value-addition of the post-harvest methods. Until this is demonstrated, the use of post-harvest infrastructure by the farmers may not improve. This infrastructure would mostly be used by the traders. Funds may have to be raised to enable farmers' organisations to demonstrate these model projects.
4. Estimate the area required for thrashing floors at village level and storage spaces required at cluster level and study the viability of the same. Document all the existing schemes of the government under which construction of these can be promoted. Study the possible other schemes that can be brought out and preparation of justification for the same. Storage should also be available nearby.
5. Make a case for all season roads linking agricultural fields to the market. The market catchment area as per the preferences of the farmers needs to be mapped and the investments required need to be estimated.
6. Develop materials to train farmers in post-harvest handling for important commodities.

Group II: Government's role in trade and commodities

1. Designing structures and processes to empower the FOs and Common Interest Groups (CIGs). Suggest the policy environment required to ensure and sustain such empowerment. At present proper information flow does not exist and hence the farmers' organisations and the Common Interest Groups (CIGs) are not empowered. The present constraints on the empowerment of the farmers' organisations need to be evaluated and discussed in the presence of representatives of the sub-sector.
2. Outline the steps necessary to involve farmers' organisations in policy marking bodies like Planning Commission, CACP, Management of Agri-input Production Units, Banks and other organizations concerned with agriculture & allied activities. Further research is needed to identify the bodies in which farmers' organisations can be members. Research is also required on designing

systems where the representatives of the farmers get good and reasonably accurate information of aspects concerning their commodities.

3. Policies and trade restrictions work against the interests of farmers. The impact of present policies on farmers need to be documented using case studies from across India, so that the cases are not considered as one-off cases selected to highlight one farmer's loss.
4. Studies to document alternative approaches to market interventions schemes are needed to sensitise the government to bring about changes in the present market intervention schemes.
5. Case studies of transferring subsidies directly to the farmers and the voucher system need to be documented. These cases can be disseminated widely to build pressure on the government to adopt such direct transfers of subsidies.
6. Research on identifying suitable modern and innovative implements to enable completion of agricultural operations on time and reduce physical drudgery on the part of farmers.

Group III: Marketing of farm produce

1. Study the farmers' organizations which have organized small & marginal farmers for marketing successfully.
2. Document case studies of organizations which have organized consumer/consumer links to purchase from small farmers.
3. Document technologies and IT based interactions in marketing / auctioning. Make a case for investing in market information system that reaches out to all the farmers.
4. Collate case studies of farmers' organizations which have strengthened themselves from them through family benefit schemes. Eg: - Education, Health etc.,
5. Document success stories where organizations of small farmers have purchased input in bulk to reduce input costs.
6. Document the commodity value-chains, the present efficiencies in these value-chains and bring out the possible areas for improving the efficiencies.

A quick tour of the table was taken up to get any points that the participants felt were very important but have not been covered in the discussions. This brought out the following issues:

- Negative impact of the NREGS on the farmers. As time in which work is provided to the labour under NREGS coincides with the time of agricultural operations, labour is not available to the farmers. This has led to several hardships for the farmers. Hence, the manner in which the government can plan to provide work in the non-agricultural season should be explored. This issue needs to be documented and presented to the authorities so that farmers are not put to unnecessary hardships.
- Agriculture should be made profitable enough so that it becomes attractive to the youth. If the present trend of youth deserting agriculture continues, then there will no one to take up agriculture and this would lead to a situation where food security is

hampered. Only the super-rich would be able to afford food in such situation, as a lot of it would need to be imported.

- The government, as well as the farmers, need to shift their focus from 'production orientation' to 'market orientation'. Models that work with the 'end to end' approach need to be documented and brought out. One such successful model has been under implementation in Meghalaya.

Then a paper with the 20 areas identified for research at the international workshop held at Tunis was circulated to the participants. The participants were asked to rate the criteria from very important to not important. This was to validate the results of the international workshop in the Indian context.

Mr. Vijay Kumar of FFA has taken up the task of eliciting the views of the participants to figure out the criteria for short-listing and selecting the themes of research under ESFIM, so as to arrive at a final agenda for ESFIM Phase II in India. The discussions were carried out in the plenary and the following criteria were agreed upon.

- 1) Replicable
- 2) Applicable to more than one commodity
- 3) Wide geographical coverage
- 4) Impact on gender
- 5) Relevant to the subject of empowering small farmers into markets
- 6) Realistic (i.e., can be completed within budgets of ESFIM)
- 7) Achievable within the time frame of ESFIM project.
- 8) Post program sustainable impact

Ms Beatriz Del Rosario appraised the participants about the next steps in ESFIM program in India.

The workshop concluded with the Chair and President FFA thanking the participants for having attended and deliberated on the issues.

National Conference on EMPOWERMENT OF SMALL FARMERS INTO MARKETS on 3 rd February,09 Federation of Farmers Associations (FFA) International Federation of Agricultural Producers (IFAP)				
Sl. No	Name	ORGANISATION & ADDRESS	E MAIL -	Mobile/ Phone No
1	Mr.N.Vijay Kumar	FFA	nvijaykumar12@yahoo.com	098663 99708
2	Mr. N. Pradeep Kumar Reddy	FFA	Pradeepnindra@gmail.com	098663 99707
3	Mr. Rajeev Chauhan	NIA	Chau_rajeev@yahoo.co.in	098163 00008
4	Mr M. Sekhar Raju	Andhra pradesh	Msraju45@rediffmail.com	094400 07415
5	Mr. Basawaraj Ingini	Karnataka	bsingini@rediffmail.com	094480 41733
6	Dr. V.S.Emmimath	Karnataka		094491 40942
7	Mr. Gopal Sharma	Dept. of Horticulture Meghalaya	gopatura@gmail.com	094361 12255
8	Mr. Dolagobindo Naik	Schmakar society New Delhi	dolanavand@yahoo.co.in	098533 37737
9	Mr. Ajay Kumar	Madhya Pradesh	Ajaykumarreg@gmail.com	099268 08850
10	Mr. Mahinder Joshi	Indore ; Madhya Pradesh		098937 77233
11	Mrs. Beatriz Del Rosario	IFAP	beatriz.delrosario@ifap.org	
12	Mr. K.P.Singh	Asian Chair IFAP	Kpsingh.india@gmail.com	098685 82580
13	Mrs. K. Bharathi	Akshara, Hyd; Andhra Pradesh	Kode_bharathi@rediffmail.com	094401 03411
14	Mr. P.V.Subbaia CHoudary	FFA, AP	choudarypvs@yahoo.co.in	098663 18309
15	Mrs. Felicity Procter	ECART	fjp@proctorconsult.org	
16	Mr. M. Vijaya BHasker	Akshara; Andhra Pradesh	Vijayabhasker.srinivas@gmail.com	098489 30038
17	Mr. Kausulendra	Samridhhi, Patna; Bihar State	Kausuhel.indra@gmail.com	093044 46443
18	Mr. P. Gautham	FFA, Hyd		090009 11888
19	Mrs. B. Ratna Reddy	Andhra Pradesh	Ratnabiotech@yahoo.co.in	08579 259368
20	Mrs. Sarala Gopalan	IFAP New Delhi	Sarala_gopalan@gmail.com	093505 94044
21	Mr. P. Chengal Reddy	CIFA, New Delhi	Chengal.p@gmail.com	098495 12600
22	Mr. R. Swamy	FFA, AP	Swamy_ramulu@yahoo.co.in	097054 89092
23	Mr. S.M. Ahmed Ali	Andhra Pradesh	Ahamed_agri@yahoo.com	099666 55115
24	Mr. M.V.S Nagireddy	FFA, Hyd	Nagireddy_mv@yahoo.com	098480 43377
25	Mr. Yogesh Dahiya	Farmers Forum, Uttar Pradesh State.	Ykd1966@yahoo.co.in	094120 16863
26	Mr. Leeladhar Singh	Krishi Samaj Kisan; Madhya Pradesh State		094244 37386
27	Mr. Yogender Singh	VAANI Uttar Pradesh State	tigeryuamandal@yahoo.co.in	094258 57433
28	Mr. G.Venkatappa Reddy	Addl. Director – GoAP Andhra Pradesh State .		099661 09099
29	Mr. G.Siva Rama Reddy	Andhra Pradesh	Aska_farmers@yahoo.com	098498 74567
30	Mr. Y.Nagendranath	Krishna District Andhra Pradesh		098495 59955
31	Mr. S.Kumara Krishnana	Tamilnadu	Greenshakthi@gmail.com	24829252
32	Mr. K.V. Kannan	Tamilnadu	Kannan_agri@yahoo.co.in	094439 06219
33	Mr. G. Ajeethan	Tamilnadu	Ajeetkisan@yahoo.com	094437 14352
34	Mr. P.Jagnatham Naidu	Andhra Pradesh		099499 17196
35	Mrs. Dr. Saravamangala Patil	Vishweshvaraiah College of Sciences; Karanataka State.	smrpatil@rediffmail.com	094482 19816
36	Mrs.V.Vijaya	Mulkanoor Dairy Womens Corporation; Andhra Pradesh		094416 03414
37	Mrs. G.Vijaya	Mulkanoor Dairy Womens Corporation; Andhra Pradesh		
38	Mrs. P.Srilatha	Mulkanoor Dairy Womens Corporation; Andhra Pradesh		
39	Prof. Milind Murugkar	Nasik ; Maharastra	Milind.murugkar@gmail.com	098232 81246
40	Mr. K. Narayana Babu	FFA AP	Nani4u9@gmail.com	099494 48457
41	Mr. S.Ganeshan	EXEL CROP CARE		099595 52725
42	Mr. B.Madhava Reddy	Multi Commodity Exchange of Idnia Limited	Madhava.reddy@mcxindia.com	099089 92333
43	Mr. Timmappa	Reliance Retail Limited		099893 35283
44	Mr. K.Raghavendra Babu	Reliance Retail Limited		

The list includes 7 women from three states apart from Felicity ; and Betty from IFAP.