

Agro-Economic Alerts

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For kind attention of:

The Hon'ble Prime Minister's Office,
the Ministry of Agriculture and Farmers' Welfare,
and all others interested

Emerging Critical Situations and Threats in India's Agricultural Economy

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Promoting India's Agri Exports during the COVID-19 Crisis

Key highlights

- An important feature of India's Export Import policies has been its changing focus from increasing liberalization of trade and globalization in the 1990s to recognizing trade as an instrument of growth in the post 2000 period. As a result of liberalization of trade, volume of trade went on increasing since mid-1990s.
- Agro food trade policies were also suitably altered to follow the twin objectives of self-sufficiency and export promotion. The data released by Directorate General of Commercial Intelligence and Statistics (DGCIS), Kolkata shows that agricultural trade not only increased but also started generating surplus since 1990s. In order to give concrete form to the objective of strengthening Agri trade as an instrument of growth, the government released Agri Exports Policy document in 2018, major objective of which was to promote Agri exports and increase global share.
- The unusual circumstances experienced across the globe due to COVID-19 pandemic has adversely affected the trade flows of the countries due to lockdowns and sluggish demand. Value of India's merchandise exports

and imports also declined in the months following March 2020. As far as Agri trade is concerned, the data shows that the exports have in fact increased during April-June 2020 as compared to the corresponding period in 2019.

Observations

- The latest data released by DGCIS shows exports and imports during the three-month period between April and June 2020 as compared to those during corresponding period in 2019. It was observed that there has been a decline in value of total merchandise trade during the period. Thus, total exports and total imports declined by around 30 percent and 49 percent respectively during this period.
- In case of Agri and allied products it was observed that the category had not only managed to generate a surplus over imports but had also registered marginal growth of 1.58 percent during April-June 2020 over April-June 2019. The share of Agri exports also increased from 8.37 percent to 12.28 percent during the period due to larger decline in value of exports of Non-Agri products which can be seen in Table 1.

Table 1: Imports and Exports of Agri Goods and Total Merchandise Goods during April-June 2019 and April-June 2020 (Rs. In Cr.)

	Import			Export		
	Apr-Jun 2019	Apr-Jun 2020	% change	Apr-Jun 2019	Apr-Jun 2020	% change
Agri & allied products	30,738.35	28,824.29	-6.29	47,085.24	47,830.50	1.58
Total imports/ exports	904,933.06	458,123.18	-49.37	562,806.48	389,389.06	-30.81
Share in total imports/ exports (%)	3.40	6.29		8.37	12.28	

Source: Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, Ministry of Commerce, Government of India

- Table 2 below shows the export products from Agri and allied products category which have registered an increase in the value of exports. These products contributed around 59 percent

to total value of Agri exports during April-June 2020 including rice (basmati and other), spices, sugar and fresh vegetables.

- India is a leading exporter of basmati rice. It can be seen from Table 2 that the decline in the value of exports of basmati rice was marginal. Hence, it was included in the table. Barring sugar, the listed items are not highly processed products and probably could be exported with relative ease during lockdown as compared to other important processed products in export basket such as buffalo meat, oil meal, guar gum meal and castor oil which registered decline in value of exports by 46 percent, 11 percent, 51 percent and 14 percent respectively.
- Products in the category of marine products (with a share of around two percent in total merchandise exports) have registered decline of about 16 percent in value of exports over the concerned period. The trade surplus and the increase in value of exports of Agri products needs to be sustained. It may be hoped that with gradual unlocking and reopening of the enterprises and improvement in the international demand, the exports of even the processed products in the Agri export basket would increase in near future.

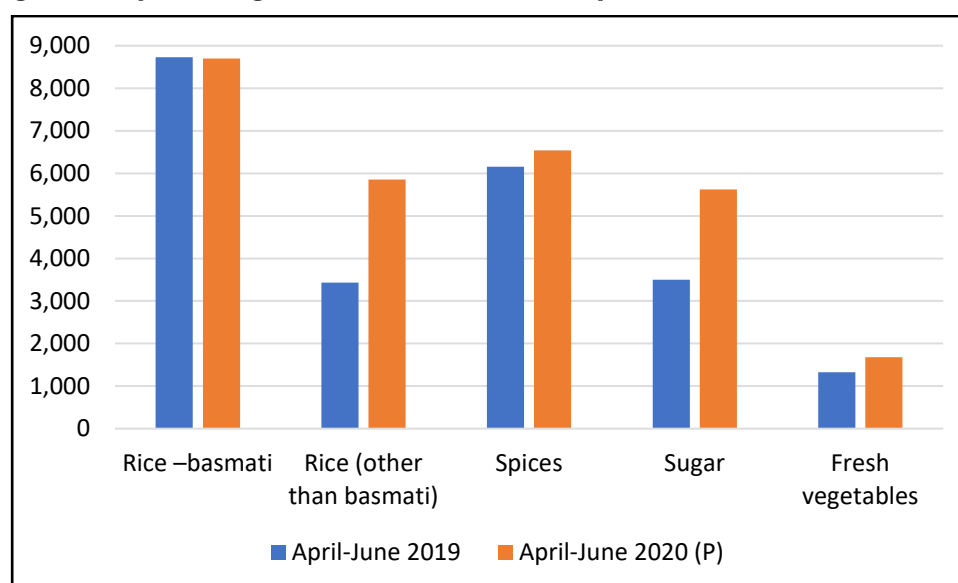
Table 2: Export of Agri and Allied Products

(Rs. in Cr.)

		April-June 2019	April-June 2020 (P)	Change (%)	Share in total exports (%)
1	Rice – basmati	8,728.65	8,697.98	-0.35	2.23
2	Rice (other than basmati)	3,435.81	5,852.70	70.34	1.5
3	Spices	6,153.62	6,536.38	6.22	1.68
4	Sugar	3,498.78	5,620.38	60.64	1.44
5	Fresh vegetables	1,322.85	1,677.85	26.84	0.43
	Total (1 to 5)	23139.71	28385.29		
	Share of 5 commodities in total Agri exports (%)	49.14	59.35		

Note: P- provisional. **Source:** Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, under the Ministry of Commerce, Government of India

Figure 1: Export of Agri and Allied Products in April-June 2019 and 2020



Source: Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, under the Ministry of Commerce, Government of India

Actions suggested

- In view of the stagnancy in the economy it is necessary that efforts are made to sustain the exports of agri products so that the cultivators remain integrated with the global value chain. As per the recommendation of the Agri – Export Policy announced recently, need gap analysis of existing export oriented infrastructure across value chains would thus be extremely important for creating robust infrastructure for promoting agri exports.
- Market intelligence can be provided to agri exporters for supplying products to international markets facing shortages due to current circumstances and new opportunities opened up due to the pandemic for agri trade can be tapped. As suggested by the High Level Advisory Group on trade related issues, 2020, use of analytics for projecting demand and

prices of commodities in future for appropriate sowing decisions needs to be promoted.¹

Information sources:

- i. DGCIS data, System on Foreign Trade Performance Analysis (FTPA) as obtained from <https://tradedat.commerce.gov.in/ftpa/comgrpq.asp>
- ii. Chand and Bajar (2012), Agricultural Trade Liberalization Policies in India: Balancing Producer and Consumer Interests in Banga and Das Edt 'Twenty Years of India's Liberalization-Experiences and Lessons', WTO and UNCTAD.
- iii. Draft Agri Export Policy, 2018, Dept. of Commerce, Ministry of Commerce and Industry, Government of India, <https://commerce.gov.in/departamental-updates/>

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Monkey Menace in Himachal Pradesh - A Serious Challenge

Key Highlights

- Destruction of farmer's agricultural and horticultural crops due to monkey menace is becoming a huge cause of concern in Himachal Pradesh because of which thousands of farmers have stopped cultivation in the state. The extent of the havoc caused by the monkeys to the farming community can be assessed from the data published in the Directorate of Agriculture in Himachal Pradesh. Around 3,243 panchayats in 68 of the 77 blocks in all the 12 districts of Himachal Pradesh are affected. The total area affected is as high as 1,56,585 hectares, in which 80 percent accounts for field crops and more than 19 percent for fruits crops. In some instances, farmers have had to abandon cultivation in 19,563 hectares of land due to these attacks by monkeys and other wild animals. The worst affected is Mandi district followed by Shimla district. The total loss accounted is over Rs. 229 crores.
- As per the forest department's estimates, more than 9 lakh farmers are affected by the simians. It is estimated that around 3 lakh monkeys have been causing extensive damage to the cereal and fruit crops in the state compelling farmers to diversify from the traditional agricultural practices and even giving up growing maize, wheat among various fruits and vegetables.
- Few progressive farmers of Solan district have expressed their views on the ban on hunting and further reluctance in killing of monkeys. This problem started gaining ground after government stopped the sterilization and relocation drives. Two years after monkeys were declared vermin for destroying crops and posing a risk to humans the government was still struggling to come up with a solution for farmers reluctant to kill monkeys for religious reasons.²

¹ Report of the High-Level Advisory Group, 2020, Department of Commerce.

² Hindustan Times, Shimla, September 7, 2018

- Over the last several years, monkeys have been destroying the agriculture produce, thus threatening the livelihood of the farming community.

Observations

- The agriculture department reported a crop loss of Rs.184.28 crores due to wild animals, particularly monkeys, since 2017-18, indicating huge financial losses to the state. The forest department's initiative to relocate monkeys from urban to forest areas proved futile.
- Sterilization centers were set up by the Wildlife Wing under the Forest Department at few locations in the state. They have spent Rs. 21 crores on the sterilization drives since 2006. A survey conducted by Forest Department in September 2018 showed that there were 49 troupes and a simian population of over 1,700 in the state capital itself. Other than this, the surveys done in 2015 showed that the population of monkeys was around 2.07 lakh as compared to 2.26 lakh in 2013. This decline of around 18,500 monkeys gives a ray of hope in dealing with the problem³.
- In a two-day state level meeting of Kisan Sabha (2019), farmers came forward to report the increase in poisoning of monkeys in the four districts of Shimla, Solan, Sirmaur and Una. As this method lacked any scientific study it concerned many farmers and leaders regarding its consequences. For instance, consumption of the carcass of a poisoned monkey can lead to health problems for the animal and also humans.
- Feisty and destructive nature of Vermin's pushes the forest authorities and people into carrying out extermination on a large scale. Although the permission was renewed in December 2017, the notification had expired in that particular year itself. The same happened in 2018 and 2019, the notification for which had expired in July 2020.

³ The Tribune, 2020

⁴ Dr. Sindhu Radhakrishna, National Institute of Advanced Studies, Bengaluru.

Actions Suggested

- Experts from National Institute of Advanced Studies, Bengaluru suggest a holistic approach to counter the problem by working on sterilization with the help of the local community. Residents, with the help of publicity and awareness campaigns may be trained in catching monkeys for sterilization.
- A multidimensional problem such as monkey menace which keeps the authorities and locals on their toes needs to be addressed using a well-developed holistic approach. For sterilization method to yield better results, the local community has to jointly make efforts with the forest department through publicity and awareness campaigns to increase these numbers on-ground⁴.
- The government may provide and install solar-powered fencing system at primate parks for monkeys to not make their way to nearby villages. Forest departments may set up more primate parks in forest areas with well installed solar powered fencing system at village, panchayat and tehsil levels also. The government could provide subsidy in advance to farmers for setting up solar-powered fencing in farms and subsidy amount could be increased because of the high cost of material and installation.
- Apart from setting up Vanar Vatikas (garden for monkeys), the government could set up well organized task force in the forest department for capturing monkeys on real time information released by farmers or officials, tourists.
- Farmers may be provided compensation for losses of their crop due to monkey menace. A provision to cover the destruction caused by monkeys in crop insurance scheme in the state could also benefit farmers.

Information Sources:

- i. Discussion with farmers, local public and officials.
- ii. Data related to "cultivated area affected by wild animals and crop loss by those animals in Himachal

Pradesh" Directorate of Agriculture, Shimla, during the year, 2019.

- iii. Monkey Sterilization report by Principal Chief Conservator of Forests (Wildlife) -cum Chief Wildlife Warden, Shimla, 2019-20.
- iv. <https://www.magzter.com/article/News/TerraGreen/Monkey-Menace-in-HP-HumanAnimal-Conflict-And-Other-Issues>.
- v. <https://timesofindia.indiatimes.com/city/shimla/centre-allows-culling-of-monkeys-in-shimla-activists-protest/articleshow/70282393.cms>
- vi. <https://www.thestatesman.com/cities/shimla/religious-faith-coming-way-monkey-culling-himachal-1502829591.html>.
- vii. <https://www.downtoearth.org.in/news/wildlife-biodiversity/himachal-farmers-now-poisoning-monkeys-66396>.

viii. <https://www.hindustantimes.com/india-news/himachal-polls-2017-monkey-menace-again-a-poll-issue-in-hp/story-x2wXgRTbw1f1ZWWbjxrDM.html>

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Emerging Issues of Floriculture in Assam

Key Highlights

- Floriculture is emerging as a profitable farming activity in Assam. The production and sale of flowers is becoming a popular business in Assam and the North Eastern Region of India. The agro-climatic condition and soil structure of the state is congenial for growing different types of flowers and due to commercial potentiality; people are gaining interest to grow them in their farm field as an alternative to other field crops.
- In 2018-19, flower cultivation occupied an area of 5,199 hectares which was about 0.85 percent of the total horticulture crop area of

the state. The report of a survey conducted by the North Eastern Development Finance Corporation Limited (NEDFI) has revealed that the Guwahati city of Assam alone imports flowers worth over Rs. 2 crores every year from Kolkata and other neighboring states.

- In comparison to field crops, it has been observed that the income of small and medium farmers can be enhanced to Rs. 2.40 lakh to Rs. 4.20 lakh per ha/annum through flower cultivation. The most promising flower crops of the state for commercial exploitation are marigold, tuberose, gladiolus, gerbera, orchids, anthurium and chrysanthemum.

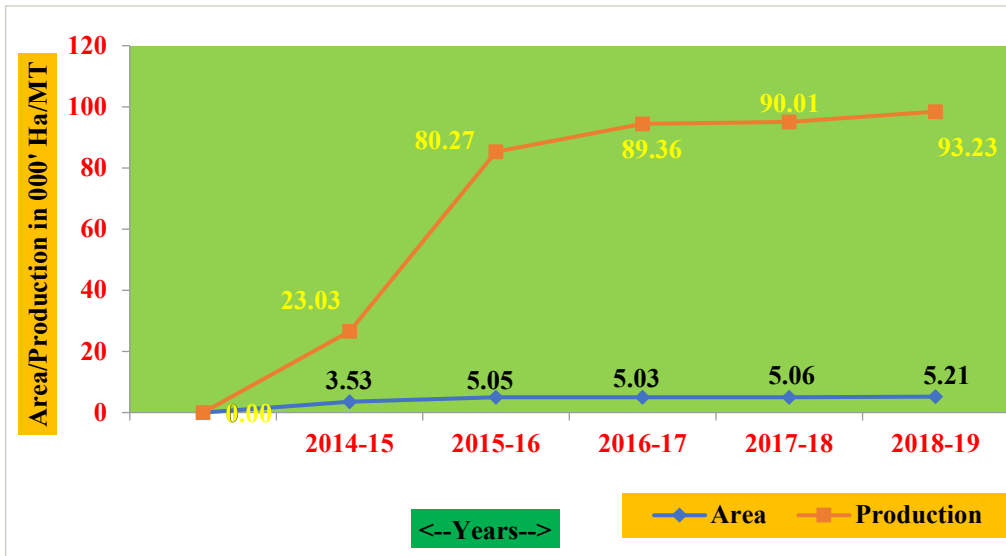
Table 1: Trend of Area and Production of Flowers in Assam

(Area-000' Ha, Prod'n - 000'Mt)

Years	Area	Production		Total
		Loose	Cut	
2014-15	3.53	22.80	0.23	23.03
2015-16	5.05	33.68	46.59	80.27
2016-17	5.03	33.76	55.60	89.36
2017-18	5.06	33.93	56.08	90.01
2018-19	5.21	34.89	58.34	93.23
CAGR (%)	8.12	8.96	208.25	33.79

Source: National Horticulture Board

Figure 1: Trend of Area and Production of Flowers in Assam



Source: National Horticulture Board

Observations

- Most of the flower growers in Assam belong to small and marginal farmers' category, and face many problems in different stages such as lack of quality, planting materials, post-harvest facility, good markets, weak infrastructural support etc. There is acute shortage of quality flower seed, fertilizers and pest control measures for boosting production of flowers.
- Roads linking the main flower market and the rest of the region are very poor. It is difficult to dispose the fresh flowers at proper time. Thus, growers are unable to get better price for their produce. There is no provision of cold storages

in flower growing areas of the state. Thus cut flowers wither within few hours of harvest and growers get very low price, much below what they desire.

- Middlemen have been playing a key role in fixing the rate of flowers and growers are compelled to sell them at minimal rate due to perishability. Due to poor economic conditions, the flower growers who are unable to use proper packaging materials and standardized packaging techniques do not have consistent quality for transportation of cut and loose flowers which leads to huge losses.

Figure 2: Nursery of Hybrid Flowers



Source: <https://bit.ly/2UKW1KJ>

Actions Suggested

- Adequate infrastructure like cold storage facility, post-harvest infrastructure, all-weather link roads etc. are necessary to reduce the losses of flower growers in marketing and during transit. Efforts could be made to develop cost effective suitable packing material for flowers and standardized packaging techniques to maintain consistency of quality.
- Private investment can be encouraged in hi-tech floriculture with micro-propagation, protected cultivation, drip irrigation, integrated nutrient and pest management. Special emphasis should be given on the investment and production of demand driven flowers grown locally, namely, orchid, marigold etc. Co-operative flower growers' society could be set up with scientifically developed infrastructure to minimize spoilage and to regulate the supply of flower on demand.
- Considering the perishable nature of the flowers for trading within the state, a suitable procurement and distribution network may be formed to encourage the growers. Farmers

should be encouraged by providing proper training on modern techniques of flower production and logistic support could be arranged to attract more farmers toward flower farming.

- Government intervention is necessary to cover barren and uncultivated land for floriculture practices. If the problems of flower growers are addressed properly, floriculture can be a good source of income and generate employment. Push should be given to establish nurseries in rural areas which have a high employment potential.

Information sources:

- i. Consultation with flower growers and various newspaper reports, published sources and media.

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