

National Seminar on Financing of Agriculture Value Chains: Challenges and Opportunities



Organized by

NABARD & IFPRI

29th and 30th November 2015

BIRD - Lucknow-226012

Background

In the past four decades, the Indian economy has not only grown, but has also undergone a structural transformation. While, the share of industries and services in the gross domestic product (GDP) increased, the share of agriculture declined, from 52 per cent in 1951-52 to 17.6 per cent in 2014-15. Nonetheless, enhancing agricultural growth remains a key policy concern as it still supports livelihood to more than half of the country's total population. However, Indian agriculture is dominated by small landholdings—about two-thirds of the landholdings are of size less than or equal to one hectare, with an average land size of about 0.4 hectares. At this scale, the agriculture-based livelihoods are untenable for majority of these households. Therefore the pertinent question for policy makers is: how to improve productivity of small-farm agriculture and livelihood of smallholders?

Amongst a constellation of constraints, lack of access to markets and capital is an important barrier to enhancing productivity of smallholder agriculture. Many studies have shown that smallholders have limited access to credit, which restricts them from adopting income-enhancing cropping pattern, improved technologies and quality inputs, and to undertake long-term investments in land improvements, irrigation, mechanization and storage. Though financial requirements of smallholders are not big; financial institutions often shy away from financing them because of high cost of lending relative to their size of loan, and higher risks in agriculture. Further, they have limited collateral, often less-documented, which makes it difficult for institutional agencies to liquidate these in case of default. Smallholders have, thus, resorted to borrowings from informal lenders who often charge exorbitant rates of interest and discount output prices in case of product-linked transactions.

Furthermore, smallholders are often at a disadvantage in the market place. Local rural markets for agricultural produce are thin, and the trading in distant urban markets is not remunerative due to higher fixed costs in relation to their marketable surplus. There is also apprehension about intensification of competition in agri-food markets with globalization. The unorganized small-scale producers, entrepreneurs and processors are likely to be more affected by increasing competition because of their lack of resources, especially capital to improve upon their technological capabilities to face global competition and stringent food safety standards. These tendencies suggest that smallholders need to adjust their agriculture to the emerging market forces, which is difficult unless they are supported with finance, markets, technologies, information and services.

Given these constraints that small farmers face, there is an increasing recognition that some of these constraints related to access to product and financial markets can be overcome using a value chain approach. The value chain approach brings different chain actors including farmers, aggregators, traders, processors and financial institutions together in order to realize economies of scale, reduce transaction costs, and minimize uncertainties in supplies and quality of inputs and outputs.

In the past the Government of India has made several policy changes to facilitate development of integrated value chains. Important among these include: de-regulation of the food processing industry, reduction in taxes and duties on processed foods, establishment of agri-export zones and food parks and institutional lending to food processors on easy terms,

liberalization of agricultural markets from the state control, and removal of restrictions on inter-state movement of agricultural commodities. Despite these policy changes problems like limited access to agricultural produce markets and financial resources, monopoly of licensed traders in agricultural markets, lack of agriculture market infrastructure, high incidence of market charges, high wastages in supply chain, long gestation period of infrastructure projects and seasonality of agriculture produce, lack of national integrated market, low price realization by farmers, large number of marketing channels with long supply chain, lack of accurate and timely market information/ intelligence system, high marketing cost affecting mostly the small and marginal farmers, remain unresolved.

To address some of these issues the Hon'ble Union Finance Minister in his 2014-15 Budget speech, stressed the need to create a National Common Agricultural Market so as to standardise and improve transparency in trade practices across States under a single licensing system. The suggested unified market aims to break the entry barriers, monopoly and cartelisation that have crept into the functioning of the current agricultural marketing system. The national common market is expected to bring more transparency due to wider participation, uniform market fees structure and uninterrupted inter-State movement of commodities.

In this context, this seminar aims to disseminate successful private, public and civil society models in India and address relevant challenges and opportunities to improve efficiency and inclusiveness of agriculture value chains. Furthermore, it aims to open the discussion to use value-chain approach as a tool to improve access to finance to small holder farmers and discuss the possible structure and regulatory framework for the 'National Common Market'.

Objectives of the Seminar

The aim of the seminar is to discuss the multi-faceted challenges and opportunities in increasing integration of the value chain in India. It also aims to discuss ways to co-integrate issues of finance into the value chain framework to improve efficiency. Further, it intends to deliberate on the possibilities of developing innovative financial instruments into the value chain framework by supporting tripartite agreements between producers, lead firms and financial institutions. The seminar will also address the possible structure and regulatory framework for the 'National Common Market' as proposed by Hon'ble Union Finance Minister in his 2014-15 Budget. The forthcoming Seminar has been structured into six technical sessions to focus on the following themes:

Session-I : Structure and Regulatory Framework for the 'National Common Agricultural Market'

Session-II : Infrastructure Support for Agriculture Value Chain

Session-III : Financing Indian Agriculture Value Chains

Session-IV : Innovative Financing of Commodity Value Chains

Session-V : Participation of Small Farmers in Agri-commodity Value Chains

Session-VI : Panel Discussion: Way Forward

Who can participate?

(i) Corporates/ private sectors/ exporters/traders dealing in agricultural inputs and outputs

- (ii) Commercial Banks/ Regional Rural Banks/ Cooperative Banks
- (iii) Government Departments
- (iv) Academicians/Researchers/ Students
- (v) MFIs/ NGOs
- (vi) Progressive farmers

Duration of Seminar & Nomination

The programme would commence at 9.00 AM on 29 November 2015 (Sunday) at BIRD, Lucknow and will conclude at 05.30 PM on 30 November 2015 (Monday). Interested participants may send the duly filled-in registration forms to Director, BIRD, Lucknow by post or by email to nabard.valuechain@gmail.com as well as bird@nabard.org. The forms enclosed to this brochure may be used for registration.

Registration Fee & Mode of Payment			
Particulars	Banks/ Govt Deptt/ Corporates	Academicians/ MFIs/ NGOs	Researchers/ Students (Id proof)/ Farmers
Without boarding and lodging	2500	1000	500
With boarding and lodging	5000	2000	1000

Delegates may make e-payment or can pay participation fee by demand draft drawn in favour of Bankers Institute of Rural Development payable at Lucknow.

Name of the Institute	Bankers Institute of Rural Development
Address of the Institute	Sector-H, LDA Colony, Kanpur Road, Lucknow – 226 012
PAN No.	AAATB5910G
Name of the Bank	Axis Bank Ltd.
Bank Account No.	053010100132930 (Savings Account)
Bank Address	Axis Bank Ltd., Lucknow Main Branch, 31/93, M.G. Road, Lucknow - 226001, U.P.
City	Lucknow
IFSC Code	UTIB0000053

As BIRD is exempt from payment of Income Tax under Section 10(23C)(vi) of the Income Tax Act, 1961, you are requested to make payment of fee to BIRD for the training programme without deducting Tax at Source. In case the participation fee is remitted through RTGS, the UTR no. along with the name of the participant may be advised to us immediately through FAX / e-mail.

Venue

The venue of the conference shall be at Bankers Institute of Rural Development (BIRD), Lucknow.

Accommodation

The programme is residential. The participants are provided with self-contained, single occupancy air-conditioned lodging and boarding facility. The accommodation would be available from the afternoon of 28th November 2015 to the forenoon of 30th November 2015. The lodging and boarding facilities are for the participants only and as such, BIRD will not be in a position to accommodate spouse or children or guests of the participants under any circumstances.

About BIRD

Bankers Institute of Rural Development (BIRD) is a society registered under Societies Act, promoted by National Bank for Agriculture and

Rural Development (NABARD), the apex Financial Institution in the area of Agriculture and Rural development in India. BIRD is involved in training, research and consultancy in the field of rural development and banking. The Institute is known for its region-focused, issue-specific and research based training courses and seminars, as well as feasibility and diagnostics studies. It undertakes consultancy and research studies in and outside India. It has undertaken assignments for prestigious national and international financing agencies. The Institute has full time highly qualified and experienced teaching faculty having specialization in diverse areas.

BIRD is located in a sprawling lush green compact campus of 42 acres and is fully equipped with centrally air-conditioned state-of-the-art class rooms, seminar/discussions rooms, computer lab, conference hall, auditorium, library, hostel, gymnasium, indoor games court, lounge, etc.

Reaching BIRD

Lucknow is well connected by air and rail to major cities of India. Delegates arriving by air are required to alight at Lucknow Amausi Airport which is just 6 kms from the Institute. Prepaid Taxi services are available at the airport. Delegates arriving by train are required to alight at Lucknow Charbagh Railway Station. Pre-paid auto and other modes of transport are available at the station to reach the Institute. The distance between Lucknow railway station and BIRD is about 9 kms.



Programme Coordinators:

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NOMINATION FORM

National Seminar on Financing of Agriculture Value Chains: Challenges and Opportunities
(29 – 30 November 2015 at BIRD, Lucknow)

Full Name :

Present Designation :

Address :

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Participant's :

Mobile No..... Email

Telephone No. (STD Code) Fax No.....

(Office) : (Residence).....

Sex : Male Female

Name and Postal Address of Organisation:

Arrival: Date.....Time.....

Train/ Flight No.....

Departure: Date :.....Time.....

Train/ Flight No.....

Accommodation Required/ Not Required :

Registration Fee Details - Details of D.D

DD No :

Date :

Drawn at :

Bank :

Amount :

Sign and Seat of Competent Authority

[In case of multiple nominations from the same institution, please use separate forms for each participant.]

completed forms can also be sent by e.mail to : bird@nabard.org or training.birdlucknow@nabard.org.

Our Fax No. +91-522-241 2047 or +91-522 242 1176.