

Date: 05.12.2011

Appeal to Dr. Manmohan Singh, Prime Minister of India from farmers and Intellectuals to implement decision taken allowing FDI in retail:

We the following signatories representing Farmers Organizations from various parts of India and also our advisors of CIFA and well-wishers of Farmers request the Honourable Prime Minister that the UPA Government should implement the decision taken to allow FDI in retail sector.

The existing marketing system at local mandies and wholesalers is controlled by adthiyas is a highly exploitative system. Farmer is compelled to pay 10% commission in the local mandy to the adthiya (Commission Agent/Dalal). On the pretext of quality the adthiya deducts another 10%. In addition, farmers incur about 5% expenditure for taking the produce from the field to market yard.

In all the mandies the auction is done by adthiya's agent who manipulates the prices. The adthiya do not provide any service to the farmers. The adthiya do not give official receipt to the farmers. The prices in the market yard are not known to farmers. In almost all the market yards adthiyas form cartels and manipulate the prices. In Oddanchatram near Dindigal, Tamilnadu the Biggest vegetable market in South India the transactions take place in the night time from 7.00pm onwards.

The adthiyas also evade sales tax as well as income tax and there is a huge loss to the government as all the transactions are illegal and are not recorded.

We believe that the FDI in retail will be helpful to farmers, as it will establish producer groups and arrange for MOU between the farmers and retailers. The Government of India Agriculture Technology Management Agency Program (ATMA) has already established few million Commodity (Producer) Interest Groups/CIGs. The existing CIGs as well as farmers Associations working under Commodity boards, farmers Clubs, Co-operatives as well as associations will be able to establish long term Agreement with the retailers.

As the retailers require quality product in bulk he has to arrange for extension services, provide quality inputs and also arrange for packing at the farm gate in the village. The retailer will also need to establish cold chain or pre cooling units for perishables.

The contract farming will enable farmers to bargain for an assured Minimum price linked with quality and quantity. He will also be able to get traceability and group crop insurance. Direct procurement will eliminate 3-4 middlemen who are now taking away 40% -50% commissions without any value addition. In this way it is a win win situation for farmer, retailer, consumer. It will also enable Indian speciality goods viz. Mango, Lichi, Chillies, Durram Wheat, BPT/Ponni Rice to be marketed as branded products in International markets.

We however, request Government of India that retails must be established in rural areas specially now developing urban complexes. It will enable producer farmers to supply to local chains from the surrounding areas and get the benefit. We also request that the multinational retails must be controlled by an authority so that they do not resort to unhealthy competition.

We extend our support to UPA Government for allowing FDI in retail.

Signed by

P. Chengal Reddy