

Issues affecting export of major horticulture products from Bihar

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Abstract - Bihar has emerged as unimportant centre for horticultural production in the country. Nevertheless, produce from Bihar is not a dominant part of India's trade horticultural trade basket. The article examines the issues relating to export of major horticultural products of Bihar using information collected through sample survey conducted in Muzaffarpur district of Bihar. It is seen that farmers are inclined to take up horticulture given the high returns in a smaller time-frame. However a number of infrastructural and logistical constraints prevent realisation of large returns. The article examines some of these issues using information collected from secondary sources like newspaper articles, journals and government reports as well as information collected during author's research.

Keywords - Bihar, export, Horticulture, Litchi, Makhana, Mango, Magahi paan

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INTRODUCTION

International trade is important not only as a means of exchanging domestically produced goods for earning foreign exchange but also for easily accessing those goods and services that the country does not or cannot produce due to resource constraints. While India acknowledged the need for trade, it generally followed a cautious approach to trade keeping strict control over imports and exports. In the year 1991, economic policy was radically changed to bring in a more open system. The economic reforms in the Indian economy also led to a change in the trade policy of the country. Canalization was almost abandoned and the negative list, prohibiting trade in listed items, was pruned for both exports and imports. In the EXIM policy of 1997–2000 most of the important agricultural commodities removed from the negative list. This means they were exportable without restrictions and importable under the open general license (OGL). Further the import duties were also reduced. (Acharya, 1998). Agriculture has been an important component of India's foreign trade. While earlier the agricultural raw-material was exported, the trend has now changed. Apart from the raw form, many horticultural products like fruits, vegetables and flowers along with semi processed items as well as value-added fully-processed items are important exportables of the country. Bihar is an important agricultural state of India. While agricultural and horticultural produce of the state has a huge market in the country, garnering an export market is necessary for rapid development of the state.

With worldwide demand for staples flattening, there is limited scope for increasing production of staple crops and hence growth in sector due to this. Research by Ravi and Roy (2006) suggests a move towards high-value agricultural commodities such as fruits, vegetables, dairy,

poultry, fish and processed food. The increasing urbanisation and growing income levels especially of a mobile and earning middle-class has pushed this movement. The increased export opportunities for high-value agricultural products from developing to developed countries has also helped.

The fact that most high-value food items like fruits and vegetables are labour-intensive, have low gestation periods and generate quick returns has made transition to production of such items beneficial for states like Bihar which has abundant labour supply (Bithal et al, 2007). Bihar can capitalise on its large population, favourable natural resources and climatic conditions to increase cultivation of these high value crops. It is pertinent to note that production process is actually completed only when the product reaches the final consumer across distance and time constraints. This implies that marketing of horticultural products is an important issue that warrants in depth analysis.

An important feature of agricultural marketing in India is that the market for agriculture products in India has been dominated by the private sector. Nearly 80% of the markets are run through private trade and 10% by cooperatives. Only remaining 10% of the market is under control of government. Another important feature of horticultural marketing in India is that nearly 98% of fruits and vegetables produced in India are treated as fresh product while commercial processing segment comprises only 1.8% of total agriculture horticultural output. The processing capacity has increased over the years but due to seasonality and lack of farm and processing-unit linkages only half of the actual capacity is being utilised. In case of export, this lack of linkage becomes a big hindrance severely handicapping export

capacity of the country. In case of Bihar, the situation is further pronounced as the state government abolished the APMC Act in 2006 bringing agricultural items beyond the purview of the protection of government overseeing.

METHODOLOGY

The article is based on primary data collected through a sample survey in Muzaffarpur district of Bihar. The district was selected as it is the hub of horticulture production in the state. Two blocks were randomly selected in the district and respondents were chosen on the basis of selective random sampling. Analysis was carried out for select horticultural products. The inferences drawn from the survey were then collated against available literature collected from various secondary sources such as government reports, newspaper and magazine articles.

ANALYSIS

More than 700% of the population of Bihar is engaged in agricultural activities either directly or indirectly. Bihar occupies fourth position in cultivation of vegetables and eighth position in cultivation of fruits in the country. However food processing and export are not very developed in the state. In 2015, Bihar stood at the 11th position among the Agro exporting states.

Bihar is known across the world for many of its agricultural and horticultural products such as rice, mango, litchi, makhana (fox nut) and betel leaf. In 2018 Katarni rice, Magahi paan, Jardaluam and Shahi litchi were accorded Geographical Status (GI) status. GI status is accorded to any product due to its specific geographical origin and the product then possess qualities of reputation that are due to that origin. In case of Bihar, the products that have been granted GI status possess special characteristics owing to the specific climatic and geological features like soil and water- content of the area where they are cultivated. Below we discuss the status of some important horticultural export items from the state.

1. **Mango** — Bihar is known as one of the larger producing states of mango in India with a number of delicious varieties being grown here. However, most of the produce was consumed locally with some part of total production being sent to nearby states.

In 2018, the *Jardalu* variant grown in Bhagalpur district was given the GI tag. This was announced in November 2017 and finally in March 2018 the GI tag was conferred on this variety known for its distinctive aroma and sweetness. It was expected that exports of mango from the state would become easier after this. But a major problem faced by exporters in Bihar is the lack of specific testing and treatments facilities in the state. Hence exporters are forced to transport their products to either Lukhnow or Kolkata or Mumbai. There they complete the formalities required for

certification and then the mangoes are exported overseas.

In the usual process an agricultural item is marketed as the product of the state from where the phyto-sanitary certificate has been issued for export. Then depending on whether the certificate was issued from Kolkata, or Mumbai or Lukhnow, the mangoes were sold as a product of West Bengal or Maharashtra or Uttar Pradesh respectively.

In May 2021, for the first time the *jardalu* mangoes that were exported from Lukhnow airport were marketed as product of Bihar. Due to lack of testing facility in Patna, the consignment was first taken to Lukhnow where the phyto-sanitary certificate was issued at APEDA Packhouse after due packaging and treatment (PIB, 2021) for export to the United Kingdom.

2. **Makhana** — *Makhana* or fox nut is an important horticultural product grown extensively in parts of Bihar. It has a lot of nutritional value and is considered a type of dry fruit. It is exported in raw form as *phool / tal makhana*, confectionery (sweet *makhana*). The major ports for *makhana* export are Nhava Sheva Sea port, Mundra and Sabarmati ICD. *Makhana* is exported from 17 exporting ports of India but Indian exports of Nhava Sheva port handles the largest share of consignments, followed by Mundra and Bangalore ICD (connect2india, n.a.). The exports of *makhana* have increased in the last few years. Though Bihar is a major producing centre for *makhana*, the lack of proper infrastructure has forced exporters to use ports outside the state for export purposes. Lately many processing companies have been set up in Bihar that package and sell roasted *makhana* or caramelised *makhana* but the supportive infrastructure for large-scale production and transportation is yet to fructify.
3. **Magahi paan**— The Betel leaf which is known as Paan in India is the leaf of a perennial evergreen climber favouring Tropical and subtropical weather. Chewing areca nut and betel leaf is a common Asian custom with its roots in social tradition or religious ritual. Major betel growing countries are Sri Lanka, India, Thailand and Bangladesh. In India, betel is grown for domestic consumption as well as export (connect2india, n.a.). The major Betel growing states in India are Andhra Pradesh, Assam, Bihar, Karnataka, Odisha, Madhya Pradesh, Maharashtra and West Bengal. Bihar grows a number of varieties such as *Desi paan*, *Calcutta*, *Paton*, *Magahi* and

Bangla. The *Magahi paan* is known for its pungent and sweet taste and is considered a delicacy by connoisseurs due to its non-fibrous and soft quality which makes it melt in the mouth. A special characteristic of this variety is that the leaves change colour to a slightly lighter shade of green on heat treatment. After this, they can be kept for a long time without losing colour or taste. This characteristic makes the *Magahi* variety highly suitable for export. *Magahi Paan* got the GI tag in 2018. Due to lack of proper market in Bihar, the farmers have to go to Benares Mandi to sell the betel leaves. There they are unable to get proper product prices and also face hassles in timely payment. On top of it, since there is no proper storage facility a lot of produce goes to waste leading to loss for the producers (Prabhat Khabar, 18 Mar 2021).

4. **Litchi** — Litchi is a popular fruit with sweet aroma and juicy pulp that is white or translucent around a hard seed. It has a characteristic red coat that is peeled to reach the pulp. Bihar being the largest producer of Litchi in the country, has the most to gain from export of this fruit. Muzaffarpur district is the hub of litchi production and processing in the state. Sahebganj, Hursepur, Minapur, KantiKurahani, Mussehri, Baruraj and Aurai are some important production and marketing spots in the district for litchi. Patna and Kolkata remain important points of dispatch for litchi marketing in the country for domestic as well as international trade. Litchi is exported to the Netherlands, UAE, Saudi Arabia, Nepal, Thailand, France and Canada.

The important varieties grown in the state include China DeshiPurbi, Early & Late Bedana, McLean, Muzaffarpur, Rose-scented, Shahi Kasba. Bihar produced around 339 thousand tonnes of litchi in 2003-04 having nearly 70% share in the national production. By 2015-16 this had halved to 35% share at an annual production of 198 thousand tonnes(CCS National Institute of Agricultural Marketing, 2018). Many reasons are put forth this decrease in production such as inclement weather, erratic rainfall and reduction of orchards.

The litchi growers association of Muzaffarpur was granted the Geographical Indicator(GI) status in 2018. After setting up of certification unit in Patna, the first plant hygiene certificate was issued in the state for a consignment of litchi in 2021 helping in export of fresh fruit to the United Kingdom. Prior to this only processed fruit was being exported from the state.

The respondents of the survey were mainly trading in the domestic market. They were supplying fruits to different parts of the country like West Bengal, New Delhi, Jharkhand, Maharashtra and Odisha. Two of the respondents who were traders of fruits and vegetables showed interest in undertaking export activity in future. One of the respondents was already engaged in export of rice from the region but not vegetables, although he admitted to having an export business of yellow capsicum from another state. Another exporter from the district dealt with mainly processed form of Litchi.

While the respondents agreed that export of litchi and other fruits would help increase their incomes, most were averse to taking up this activity due to the large amount of initial paperwork involved. The lack of proper information regarding exporting procedures, difficulty in accessing the grading and testing facilities, inadequate processing and packaging units were cited as the main deterrents to export potential in the area.

PROBLEMS FACED BY RESPONDENTS

The respondents pointed out that lack of infrastructure facilities like storages and good roads were a huge setback in developing the export potential of horticultural crops in the district as well as state.

One of the respondents pointed out that official red tape was another stumbling block. He pointed out that exporters and manufacturers were required to get permission and licenses from a number of authorities ranging from mukhiya to BDO to the district officer. This was time consuming process as for every paper collected there was requirement for two others.

The respondents also pointed out that the businessmen in the state were not getting any help from the state government. Government support was described as minimal.

As regards funds also they pointed out that they generally raised whatever fund was required on their own. Institutional credit was low and the respondents pointed out that given the situation after pandemic, they preference not to take loans as repayment could be difficult. They preferred raising own finances as per requirement rather than go for bank loan.

The respondents pointed out that lack of supporting infrastructure like cold storages and warehouses led to wastage of produce and hence cut down earning potential of the farmers and traders. In the absence of government storage facilities, they were forced to use private storage places which were expensive and often ill- equipped.

The respondents also complained that they were forced to go for distress sale of their produce due to lack air processing plants in their area. A report suggests that out of 63 registered food processing units in Bihar nearly 25

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were not working properly and only 5 units had processing capacity of more than 250MT.

CONCLUSION

Bihar has the climatic and topographical conditions for growing large number of horticultural crops. But it is not a major player in the international scene. Horticulture and Plantation crops are the sunrise sector of Indian agriculture. They are estimated to contribute about 25% of the value of agricultural exports from India (Bansal, 2011).

While Bihar produces a large number of fruits and vegetables, there is glaring absence of food processing industries in the state. Hardly one percent of horticultural produce was processed in 1990s. Most experts believe that there is potential for processing almost 10% of horticultural produce with given infrastructure in Bihar. There is huge under-utilisation of processing capacity in the state mainly due to lack of infrastructural facility. An improvement in infrastructure will lead to higher percentage of processing of horticultural products.

Improving the basic infrastructure and creation of good storage and processing facilities, development of transport linkages to ports and establishment of food processing industries in the state will help increase the exportability of horticultural produce of the state. Horticultural products having potential for processing in Bihar range from fruits like litchi, mango, guava, watermelon and Jamun, vegetables like cauliflower, tomato, potato, cabbage, and spices like chilli, along with other products like milk, fisheries and fox nut. Attention to these issues will help improve the marketing potential of horticultural products and aid in increasing their export from Bihar.

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