PROMOTING AGRI- EXPORT

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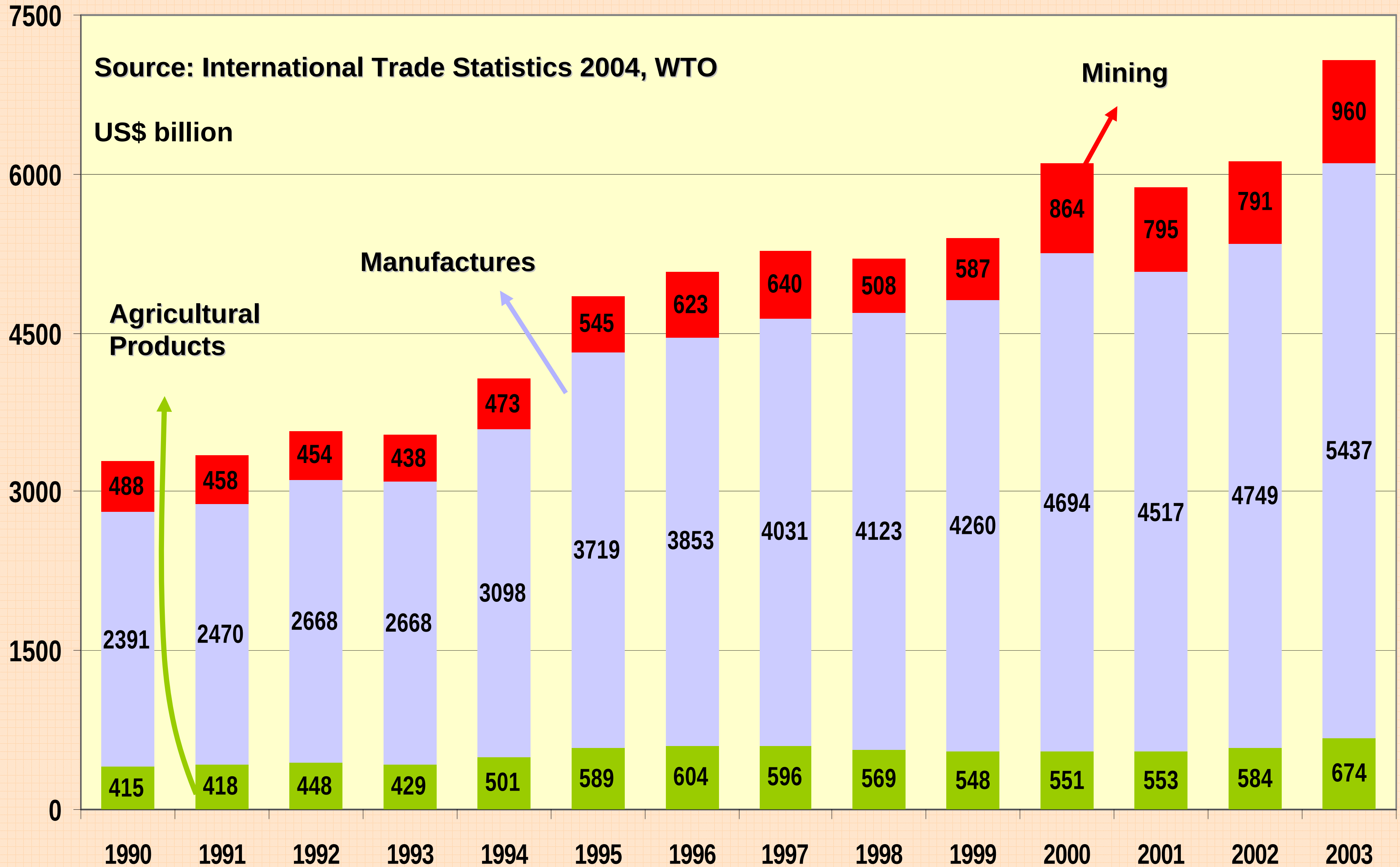
July, 2007

GLOBAL EXPORTS: SECTORAL PERSPECTIVE

WORLD AGRI EXPORTS : NOT KEEPING PACE WITH OTHER EXPORTS



GLOBAL AGRI EXPORTS: MAJOR PLAYERS

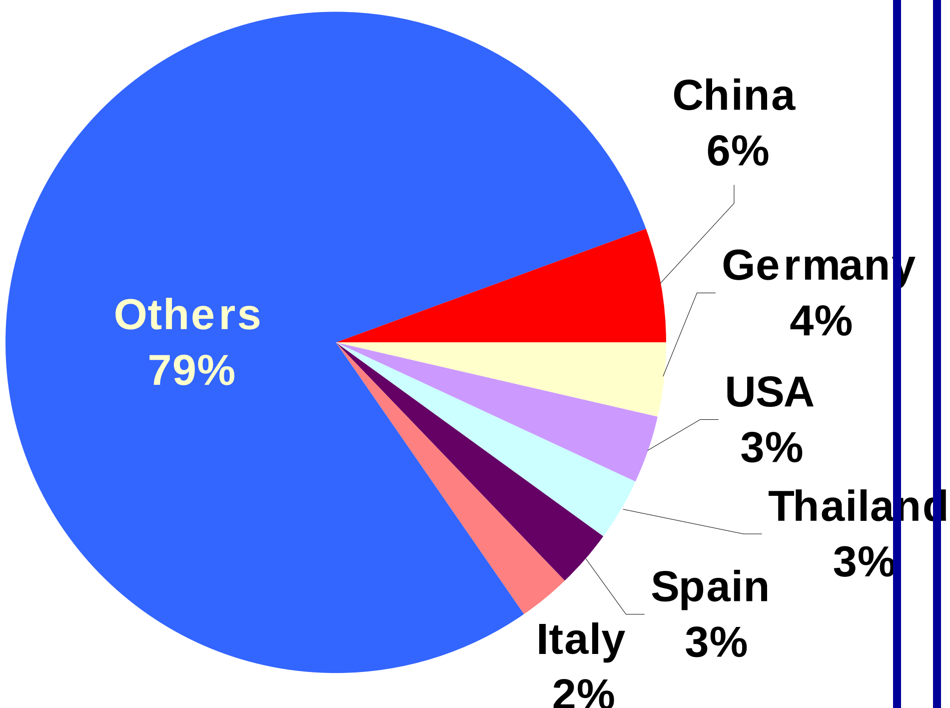
Leading Exporters of Agricultural Products (2003)

Rank	Country	Value (US$ bn)	Share in world exports (%)			
			1980	1990	2000	2003
1	EU members (15)	284.1	32.8	42.4	39.7	42.2
2	United States	76.2	17.0	14.3	13.0	11.3
3	Canada	33.7	5.0	5.4	6.3	5.0
4	Brazil	24.2	3.4	2.4	2.8	3.6
5	China	22.2	1.5	2.4	3.0	3.3
	Above 5	440.4	59.7	66.9	64.8	65.4
15	India	7.0	1.0	0.8	1.2	1.2
	TOTAL	674.0	100.0	100.0	100.0	100.0

Source: International Trade Statistics 2004, WTO

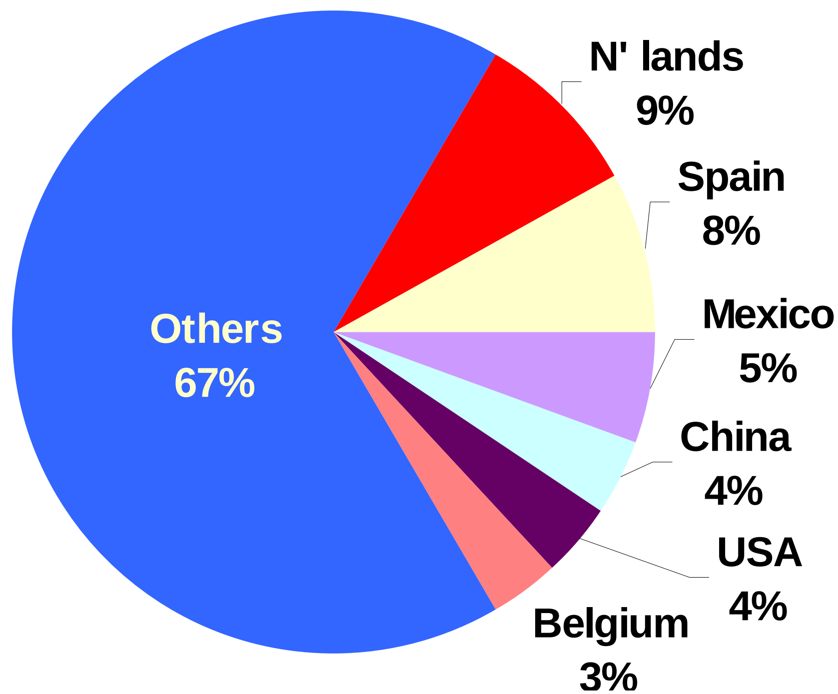
GLOBAL TRENDS

Exports of Processed Fruits



- World exports – US$ 16 bn in 2003.
- China – largest exporter ($ 888 mn).
- India – ranked 39th (exports of $ 27 mn).

Exports of Processed Vegetables

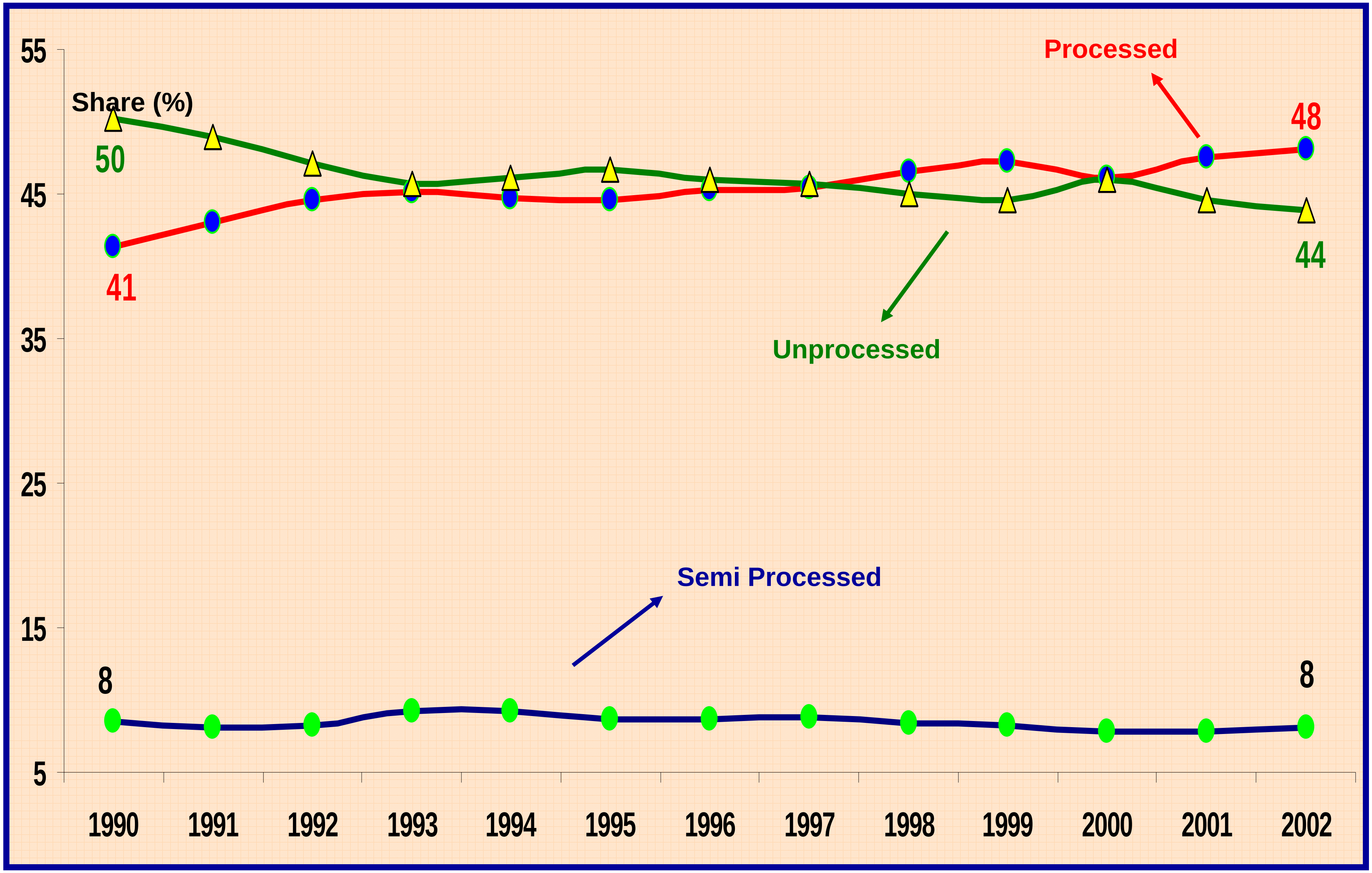


- World exports – $ 32 bn in 2003.
- India ranked 15th (exports of $304 mn).
- Increased at a CAGR of 9% since 1999.

Source: UNCTAD PCTAS Database

GLOBAL TRENDS

Value Addition in Agri-export - Processed vs. Unprocessed



Source: World Trade Report 2004, WTO

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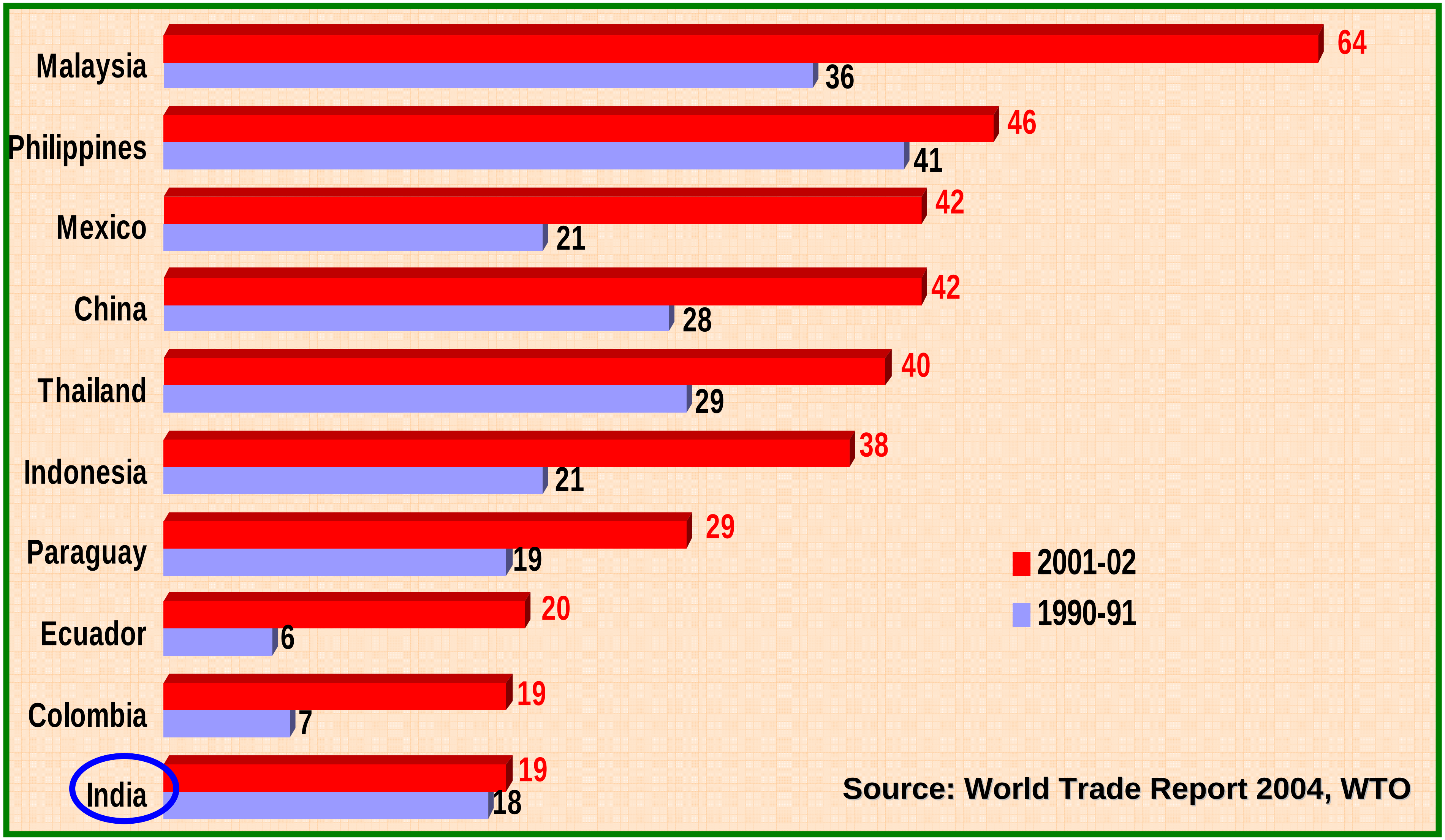
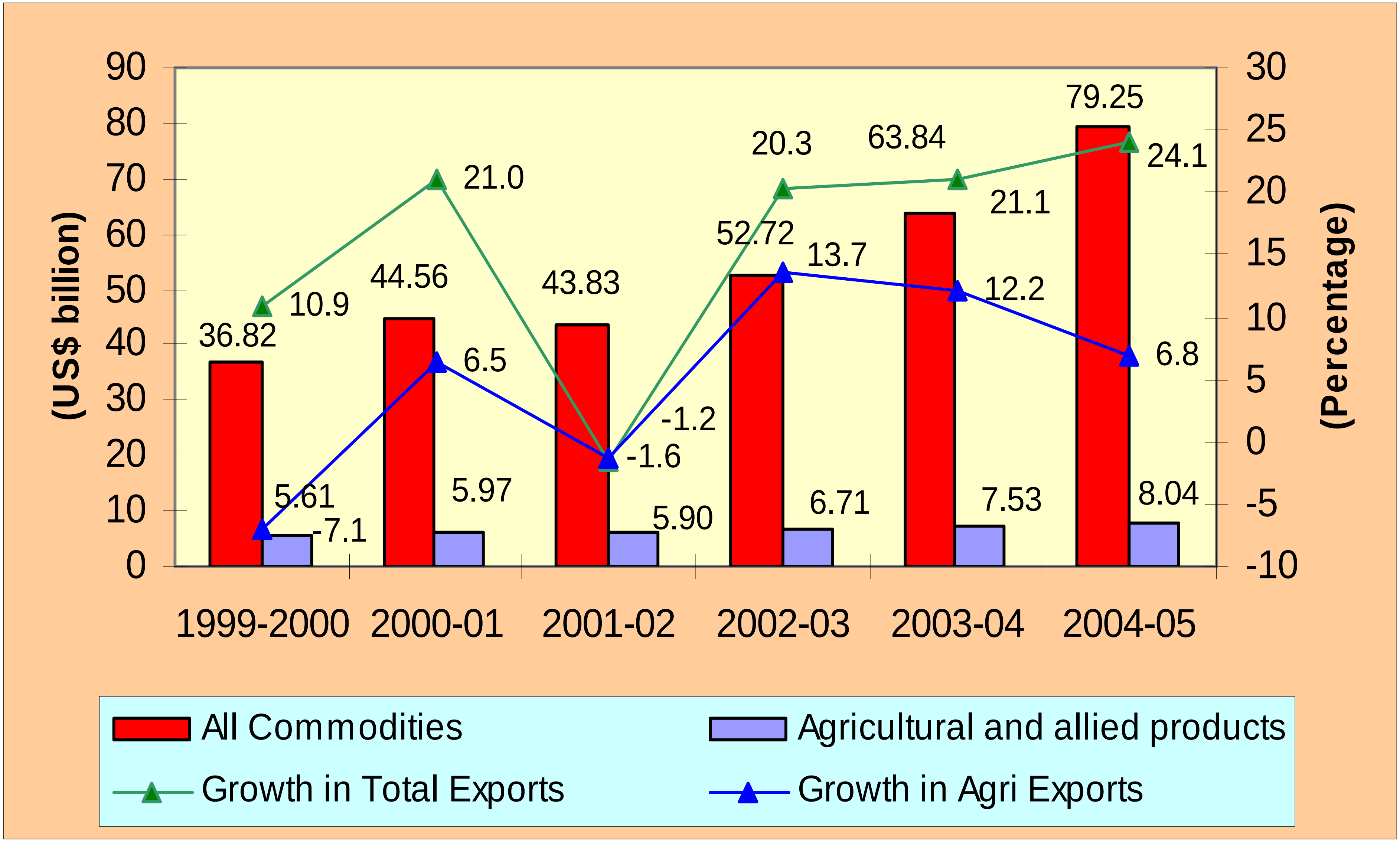
AGRI TRADE & VALUE ADDITION

Share of processed products in exports of agri products, 1990 & 2002



CURRENT STATUS OF INDIA'S EXPORTS

COMPARISON: INDIA'S TOTAL EXPORTS & AGRI EXPORTS



Source: RBI

INDIA'S MAJOR AGRI EXPORTS

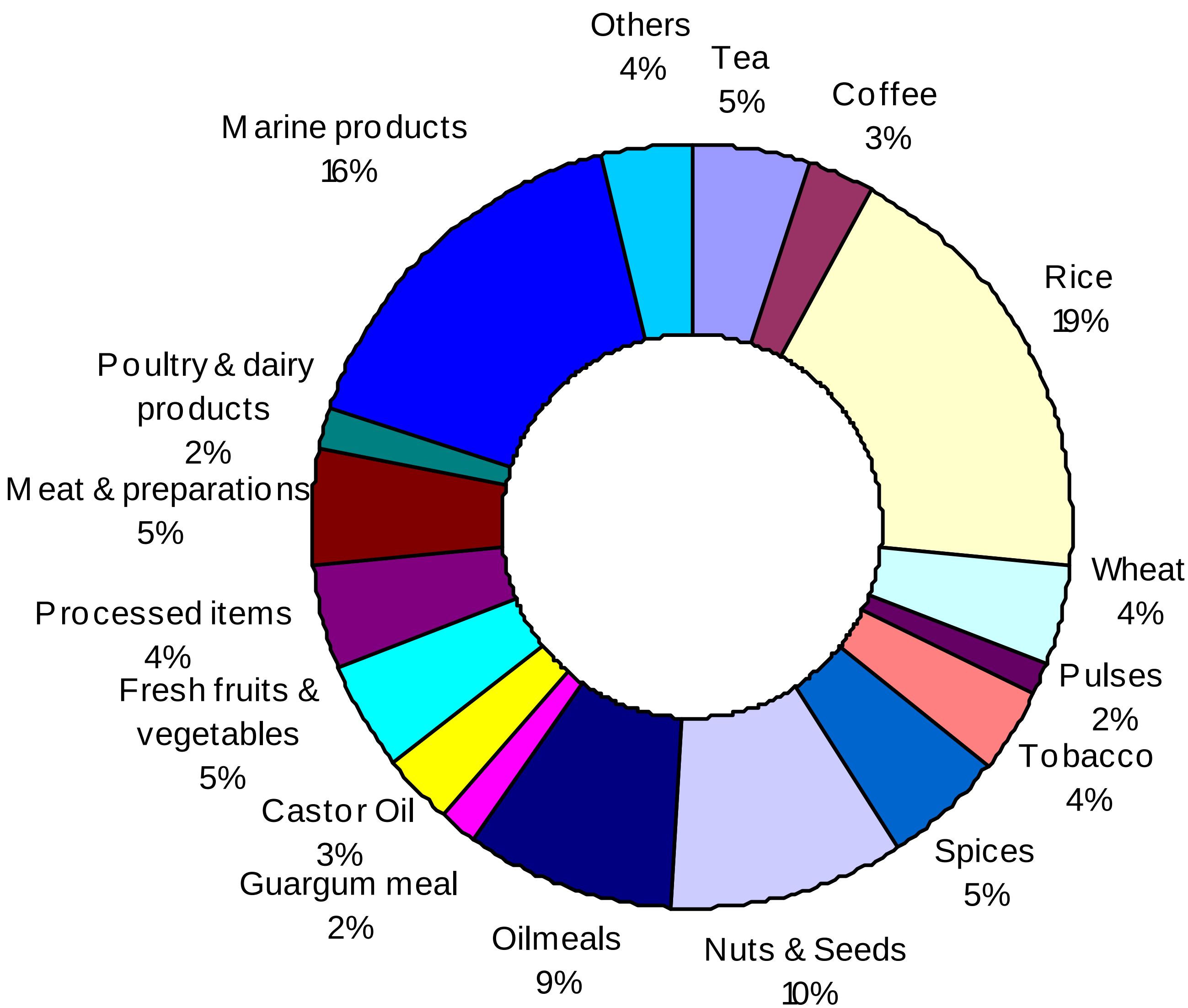
Need to Diversify

COMMODITY	VALUE (US$ mn)			SHARE (%)			Avg. Growth (FY03-FY05)
	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	
Marine products	1435.3	1332.2	1270.1	21.3	17.6	15.8	-5.8
Non-basmati rice	781.6	474.6	869.7	11.6	6.3	10.8	5.6
Oil meals	308.1	730.6	691.5	4.6	9.7	8.6	62.2
Basmati rice	426.5	434.9	611.5	6.3	5.8	7.6	21.7
Cashew	425.3	370.9	521.0	6.3	4.9	6.5	11.3
Spices	343.0	336.9	400.1	5.1	4.5	5.0	8.3
Tea	342.3	357.3	397.9	5.1	4.7	5.0	8.1
Meat & preparations	285.3	374.1	386.8	4.2	5.0	4.8	17.8
Wheat	364.6	521.7	322.9	5.4	6.9	4.0	-5.7
Castor oil	126.3	143.2	229.3	1.9	1.9	2.9	40.8
Coffee	205.9	236.9	224.8	3.1	3.1	2.8	4.6
Agri & allied products	6727.4	7553.1	8020.4	100.0	100.0	100.0	9.6

Source: DGCIS, MOCI

PUT DIFFERENTLY

US$ mn



INDIA'S AGRI EXPORT MARKETS

Need to Diversify

IMPORTING COUNTRY	VALUE (US$ mn)			SHARE (%)			Avg. Growth (FY03-FY05)
	2002-03	2003-04	2004-05	2002-03	2003-04	2004-05	
USA	954.1	962.8	937.5	14.2	12.7	11.7	-0.9
Bangladesh	407.9	730.6	662.1	6.1	9.7	8.3	31.2
Saudi Arabia	312.5	372.5	558.8	4.6	4.9	7.0	39.4
UAE	350.0	450.6	466.8	5.2	6.0	5.8	16.7
Japan	440.1	399.0	419.1	6.5	5.3	5.2	-2.4
UK	273.1	288.3	341.4	4.1	3.8	4.3	12.5
Malaysia	319.4	314.8	304.6	4.7	4.2	3.8	-2.3
Netherlands	163.3	164.7	213.7	2.4	2.2	2.7	15.4
Germany	153.9	191.3	194.3	2.3	2.5	2.4	13.1
China	151.2	197.2	194.2	2.2	2.6	2.4	14.2
WORLD	6727.4	7553.1	8020.4	100.0	100.0	100.0	9.6

Source: DGCIS, MOCI

LOW EXPORT ORIENTATION

COMPARATIVE EXPORT ORIENTATION (2003)						
ITEM	Production (mn MT)		Exports (mn MT)		Export Orientation (%)	
	WORLD	INDIA	WORLD	INDIA	WORLD	INDIA
Cereals	2079.3	226.3	271.1	9.0	13.0	3.9
Coffee, Green	7.2	0.3	5.2	0.2	72.5	60.9
Pulses	57.7	14.6	7.8	0.2	13.5	1.2
Rice	586.2	124.4	27.5	3.4	4.7	2.6
Tea	3.2	0.8	1.4	0.2	43.3	19.7
Wheat	557.5	72.1	110.1	4.1	19.7	6.3
Fruits & Vegetables	1333.7	127.2	134.5	1.9	10.1	1.5

Source: FAOSTAT Online Database, FAO

GROWTH IN SECTORS IN AGRI EXPORTS

US$ mn

	2003-04	% growth	% share	2004-05 (p)	% growth	% share
Agri & Allied Products	7328.1	9.4	100.0	7922.9	8.1	100.0
Tea	356.3	4.4	4.9	397.1	11.4	5.0
Coffee	236.3	15.1	3.2	224.3	-5.1	2.8
Rice	907.0	-24.7	12.4	1478.2	63.0	18.7
Wheat	520.4	43.1	7.1	322.3	-38.1	4.1
Pulses	71.5	0.3	1.0	123.3	72.4	1.6
Tobacco	238.6	12.9	3.3	277.5	16.3	3.5
Spices	336.1	-1.8	4.6	399.3	18.8	5.0
Nuts & Seeds	653.6	17.6	8.9	795.2	21.7	10.0
Oilmeals	728.7	137.1	9.9	690.1	-5.3	8.7
Guargum meal	110.5	9.9	1.5	146.0	32.1	1.8
Castor Oil	142.8	13.3	1.9	228.9	60.3	2.9
Sugar & molasses	269.0	-28.3	3.7	33.2	-87.7	0.4
Fresh fruits & vegetables	378.2	67.9	5.2	361.7	-4.4	4.6
Processed & misc. processed items	368.5	2.4	5.0	344.2	-6.6	4.3
Meat & preparations	373.1	31.1	5.1	386.0	3.5	4.9
Poultry & dairy products	90.4	22.0	1.2	149.2	65.2	1.9
Marine products	1328.7	-7.2	18.1	1267.5	-4.6	16.0
Others	218.3	82.6	3.0	298.9	36.9	3.8

HORTICULTURE: AN EMERGING AREA

Select segments showing encouraging trends (US$ mn)

COMMODITY	2000-01	2001-02	2002-03	2003-04	2004-05	Avg. Growth (FY01-FY05)
Agri & allied products	5982.9	5921.3	6727.4	7553.1	8020.4	8.5
Fresh vegetables	100.2	121.0	133.2	208.1	181.5	20.3
Fresh fruits	84.7	87.8	92.7	171.1	181.0	28.4
Processed fruits & juic	122.1	107.8	118.9	75.0	77.2	-9.2
Processed vegetables	50.0	41.8	53.2	63.5	75.8	12.9
Floriculture products	25.9	26.8	37.5	54.7	45.8	19.2
Fruits/vegetable seeds	13.7	13.1	20.3	11.7	14.0	0.6
Total Horticulture	396.6	398.4	455.7	584.1	575.2	11.3

Source: DGCIS, MOCI

INDIA'S HORTICULTURE EXPORTS

India's Top 10 Horticulture Export Destinations (FY2005, US$ mn)

IMPORTING COUNTRY	Fresh vegetables	Fresh fruits	Processed fruits & juices	Processed vegetables	Floriculture products	Fruits / veg seeds	TOTAL
Bangladesh	67.4	23.1	0.8	0.5	0.0	1.3	93.0
UAE	23.8	24.8	5.0	2.5	1.1	0.0	57.1
USA	4.9	3.5	9.8	22.9	10.9	2.6	54.4
Saudi Arabia	5.9	24.5	7.3	0.7	0.2	0.3	39.1
UK	4.5	15.4	7.4	4.3	5.6	0.6	37.8
Netherlands	0.6	21.1	4.8	1.9	5.9	1.3	35.5
Malaysia	27.2	1.1	1.8	0.3	0.2	0.6	31.1
Germany	0.8	5.6	1.9	6.3	4.6	0.3	19.5
Nepal	7.7	7.7	2.7	0.7	0.0	0.1	18.9
Sri Lanka	14.8	0.6	0.2	0.4	0.1	0.1	16.3
World	181.5	181.0	77.2	75.8	45.8	14.0	575.2

Source: DGCIS, MOCI

INDIA’S ADVANTAGE

- 11% OF WORLD LAND UNDER AGRI
- LARGEST ACREAGE OF IRRIGATED LAND WITH A LARGE (40%) UNTAPPED POTENTIAL
- LOW EXPORT ORIENTATION
- VARIED CLIMATIC REGIONS - FAVOURABLE FOR EVERY TYPE OF COMMERCIAL CROP GROWN ANYWHERE
- LONG COAST LINE WITH VARIED MARINE LIFE
- ABUNDANCE OF SKILLED MANPOWER

AGRI EXPORTS - CURRENT ISSUES

- From 2003-04 to 2004-05, the average annual growth of India's agri & allied product exports at 6.8% is much lower compared to 24.1% average annual growth for India's total exports

- Decline in share of agri & allied products in total exports from 20.5% in 1996-1997 to 13.7% in 2002-03 to 12.2% in 2003-04 and to 6.8% in 2004-05

- India's share in the international food trade is only 1.5%

- Value addition in India is low at 7% as against 23% in China, 45% in Philippines and 188% in U.K. respectively.

- Low Export Orientation – India holds a marginal share in world trade (around 1.1%)

AGRI - EMERGING GLOBAL TRENDS

- **Natural resources**: escalating competition over water, declining soil fertility, lack of investment in sustainable utilization and genetic resource conservation

- **Production systems and structure**: increasing land policy conflicts, diminishing public sector investments in agriculture, non sustainable small holder systems

- **Technology**: crop biotechnology, increasing non traditional demands for agri products, growing IPR concerns, rising role of IT

- **Trade and markets**: WTO and agriculture- continued protectionism of US, EU, Japan, Emergence of food MNCs; Emphasis on protection process in addition to product standards- traceability

INTERNATIONAL MARKET OUTLOOK

- Shift in consumption of agri products to developing countries
- Shift in consumption mix from cereals to fruits, vegetables and meat
- Production will outpace population growth
- Increased production to come from yield improvements rather than increased land cultivation
- Agriculture to be more technology driven
- Emergence of food MNCs

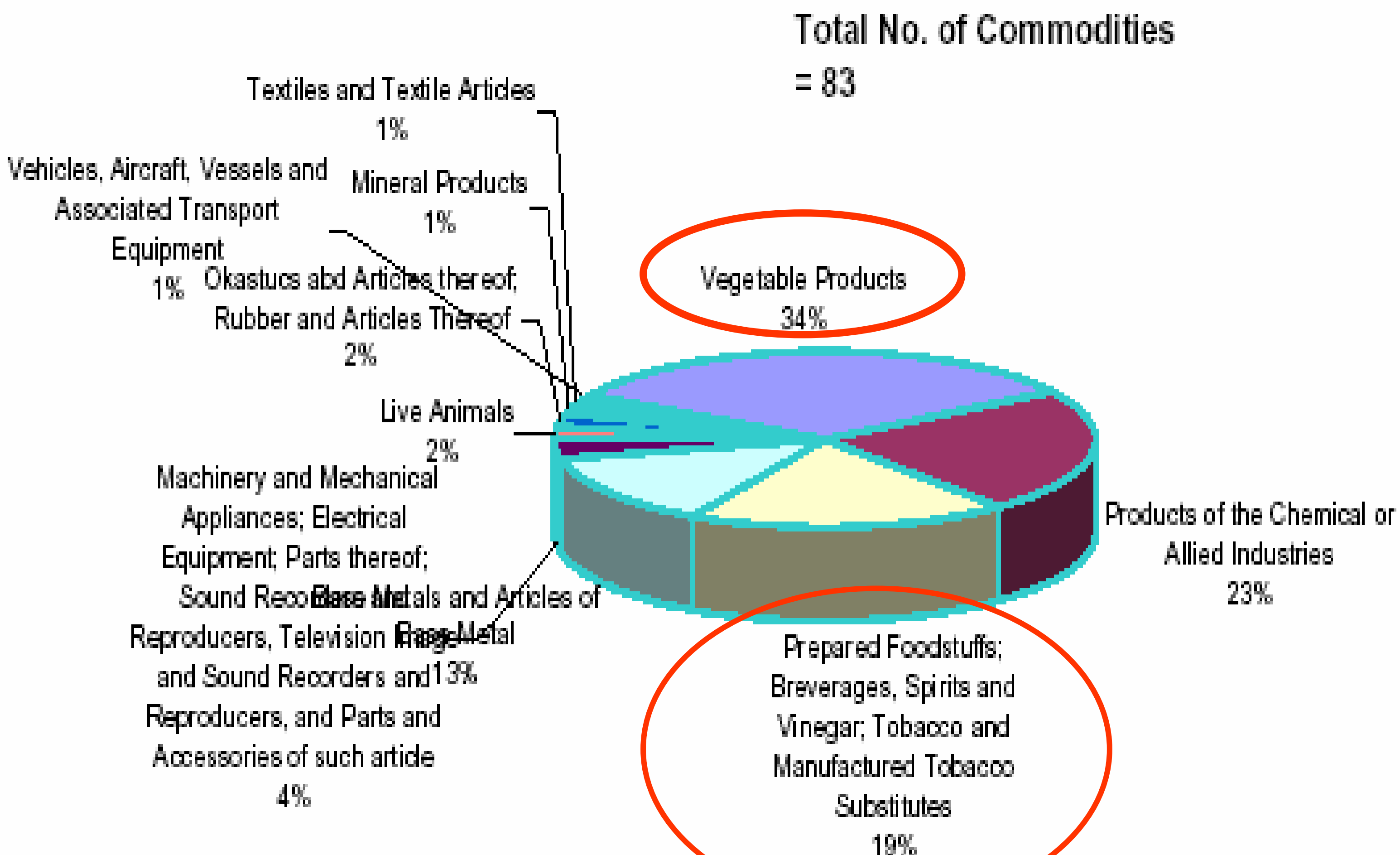
INTERNATIONAL MARKET OUTLOOK (CONTD.)

- Rise of powerful retail chains
- Obsession with Safety and Traceability
- Tightening regulatory regime
- Increased protectionism in OECD under the disguise of safety. Higher incidence of Non-Tariff Barriers (NTBs)
- Back-ending of export subsidies by USA and EU

INDIAN EXPORTS IN EU

NTBs Facing India's Import in EU for Different Commodity Group:

Index of Frequency Ratio



Source: Research & Information System for Developing Countries

NON-TARIFF BARRIERS IN USA

Table 2: List of NTBs in the United States of America

1	Tariff quota
2	Antidumping duty
3	Countervailing duty
4	License for selected purchasers
5	Authorization to protect human life
6	Authorization to protect animal life
7	Authorization to protect plant health
8	Authorization to protect wild life
9	Authorization to ensure human safety
10	Authorization to ensure national security
11	Quota to control
12	Prohibition to protect human health
13	Prohibition to ensure human safety
14	Product characteristic requirements for human health protection
15	Product characteristic requirements for plant health protection
16	Product characteristic requirements to protect environment
17	Product characteristic requirements to control drug abuse
18	Product characteristic requirements to ensure human safety
19	Product characteristic requirements, n.e.s.
20	Marking requirements
21	Marking requirements to protect human health
22	Labelling Requirements
23	Labelling Requirements to protect human health
24	Labelling Requirements to protect environment
25	Labelling Requirements to ensure human safety
26	Testing, inspection, or quarantine Requirements to protect human

Source: Research & Information System for Developing Countries

IMPLICATIONS FOR INDIA

- Agriculture will continue to be the backbone of Indian economy and food security considerations will dominate.
- Nevertheless, commercialization of agriculture has to be recognized.
- External orientation needs to be developed.
- Changing food patterns will lead to demand for convenience driven processed foods.
- Value addition in agriculture through food processing to be the next wave.

India's Share in World Production & Exports (2003)

Product	Production ('000 mt)		Exports ('000 mt)		India's Share (%)	
	India	World	India	World	Production	Exports
Bananas	16820.0	70424.0	10.9	15504.9	23.9	0.1
Eggplants	7830.0	28963.9	0.6	287.8	27.0	0.2
Mangoes	10780.0	27050.3	179.2	919.0	39.9	19.5
Oranges	3070.0	61068.9	57.4	5043.8	5.0	1.1
Potatoes	25000.0	315478.3	72.9	9096.0	7.9	0.8
Tomatoes	7600.0	116640.8	11.3	4365.8	6.5	0.3

- India's share in global production of fruits and vegetables (F&V) is far higher than it share in global exports.
- Although part of the reason is India's large domestic market, more importantly, the F&V sector has not leveraged on the export market as a proactive source of revenue.

Source: FAOSTAT Database, FAO

EMERGING OPPORTUNITIES

- FOOD PROCESSING
  - WINE, MANGO PULP, FRUIT/VEGETABLE JUICES, CASHEW
- AGRO EXPORTS
  - FLORICULTURE
  - HERBAL & MEDICINAL PLANTS…….
  - EMU FARMING
- AGRIBUSINESS
  - CONTRACT FARMING, ORGANIC FARMING
  - SUPPLY-CHAIN, VALUE CHAIN MANAGEMENT
  - COLD STORAGE, REFRIGERATED VANS, WAREHOUSES
  - TIE-UPS AND MARKETING

SELECT AGRI PRODUCTS

- Stevia Plant
  - Major source of high-potency bio-sweetener
  - Rs. 11 lakhs per acre returns in a cycle of 3 years on an investment of Rs. 5 lakhs
  - 20-30 times sweeter than sugar in its natural state
  - Caloric and carbohydrate free
  - Stevia extract accounts fro 40% of sweetener market in Japan, Korea and Malaysia

- Seabuckthorn Fruit
  - Basic processed products – juice, beer, wine, jam and tea
  - Essential oil from seeds and berry pulp are the most valuable products – have medicinal values

Contd…

SELECT AGRI PRODUCTS

- Vanilla
  - Global demand ~ 2000-3000 mtpa
  - US, France and Germany – major re-exporters of processed vanilla products
  - Annual avg. export growth ~ 140% (1998-2002)
  - Second costliest spice in the international market
  - Presently, India accounts for around 1.5-2% of the world market.
- Gherkins
  - The world market estimated at close to 2.7 mnt p.a with a value of around US $1 billion
  - Import of gherkins as a percentage of total consumption in the world market has increased from 29% to over 35%
  - Presently, India accounts for around 1.5-2% of the world market.

EMERGING OPPORTUNITIES

- INNOVATIONS/EXTENSION/MARKETING – E-CHAUPAL, KVK, MSL
- RISK MANAGEMENT
  - DERIVATIVES
  - INSURANCE
- ORGANIC FARMING…….

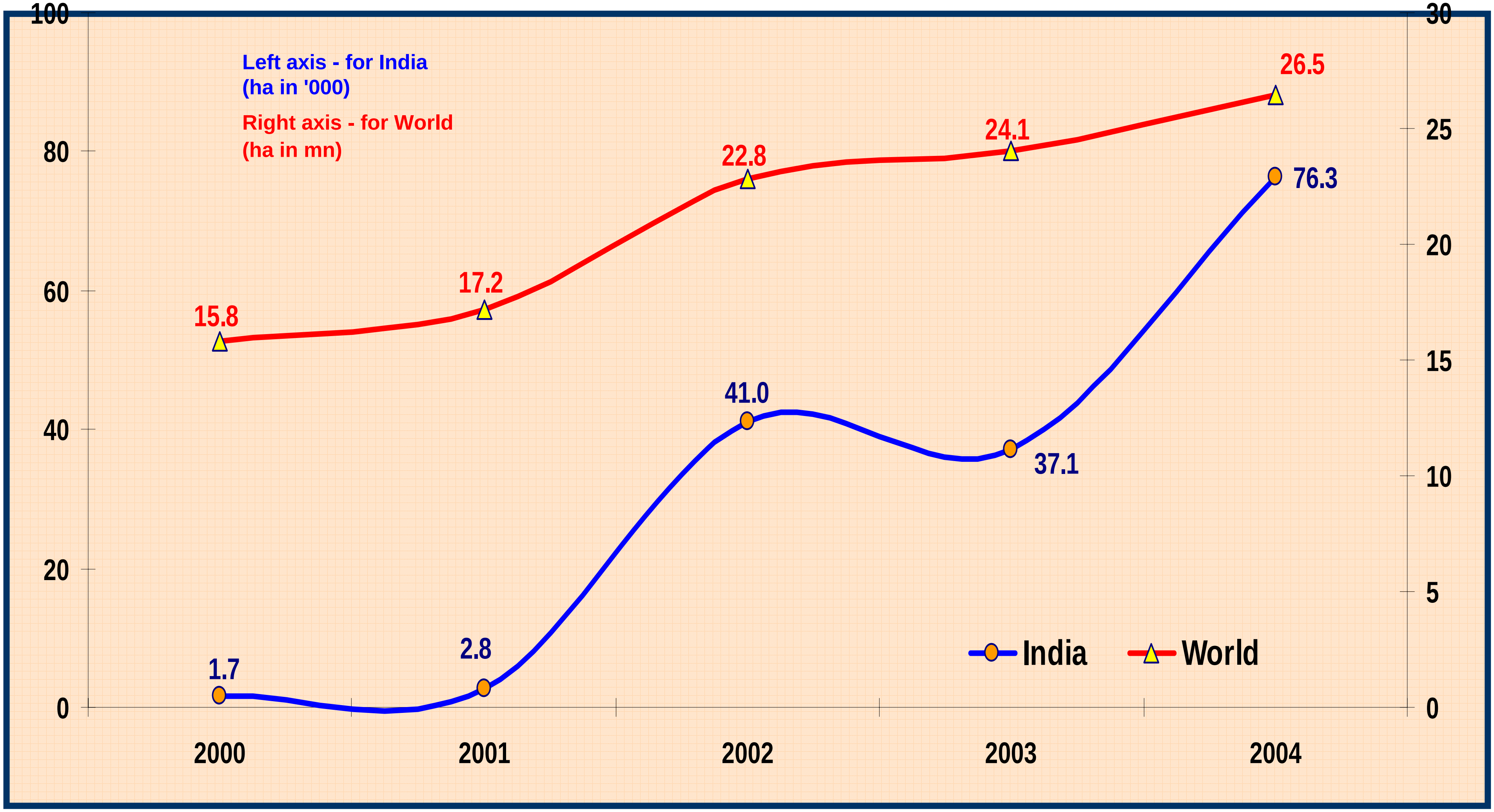
ORGANIC FARMING

A NATURAL ADVANTAGE FOR INDIA

- The key characteristics of the world organic market: -
  - Strong market growth: The organic market size in 2010 is estimated to grow multifold to US$ 100 bn in the key markets of EU, USA and Japan
  - Growth in world exports from tropical origins
  - Price premium: Premiums on most organic products ranges 35-100%
- Major products that are likely to offer better opportunities include:
  - Plantation commodities (account for almost 30%) of total organic food sales. Tea, coffee and spices are the commodities produced mainly in Asia, Africa and South America
  - Tropical fruits and vegetables (account for almost 10%) of total organic food sales
  - Cereals and pulses (constitute nearly 14%) of total organic food sales

ORGANIC FARMING

COMPARATIVE TRENDS IN AREA UNDER ORGANIC MANAGEMENT



Source: The World of Organic Agriculture (various years), IFOAM

ORGANIC FARMING

STRATEGIES FOR BOOSTING ORGANIC EXPORTS

- Focusing on value added organic exports
  - Focusing on specific varieties to maximize organic premiums at farm level
  - Processing at source level
  - Having direct tie-up with buyers
- Providing incentives and promotional support
  - Support / incentive for certification
  - Joint programme support for production of organic agri-inputs
- Creating of an exclusive nodal agency for promotion
  - Creation of an Organic Market and Knowledge Repository
  - Interface with the Commodity Boards/Government
  - Monitoring organic production & exports, across geographical clusters

EXPORT ORIENTED FLORICULTURE

- PREREQUISITES FOR SUCCESS

  1. TECHNICAL

  – SMALL SIZE IN THE BEGINING

  – INDIGENOUS TECHNOLOGY AT MEDIUM TO LOW COST FOR DOMESTIC DEMAND AND SOPHISTICATED FOR THE EXPORT

  – NEARNESS TO THE AIRPORT

  – ECONOMIC SIZE – 3+ ACRES

  – VARIETY

EXPORT ORIENTED FLORICULTURE

- PREREQUISITES FOR SUCCESS

  2. MANAGEMENT

  – GOOD, MARKET AWARE MANAGEMENT

  – LESS OF BUSINESS CULTURE, MORE OF FARMING AWARENESS

  – CATER TO LOCAL MARKET AS WELL

  3. BANKING

  – FINANCE EXPERTISE NOT FINANCIAL SOUNDNESS

  – IRR MORE THAN 15%

  – DEBT EQUITY RATIO OF 1.5 TO 2.1%

  – REPAYMENT OF 9-10 YEARS

AQUACULTURE

1. POLICY
   - GOVT APATHY
   - BUREUCRATIC INDIFFERENCE
   - ENVIRONMENTAL ISSUES
2. MANAGEMENT
   - LACK OF EXPERTISE
   - BAD BUSINESS MANAGEMENT
   - BAD POOL MANAGEMENT
   - POOR SEEDS AND FEEDS
   - SLOPPY FEEDING PRACTICES
   - OUTBREAK OF DISEASES

AQUACULTURE

3. BANKING

- TECHNICAL FEASIBILITY MORE IMPORTANT THAN FINANCIAL SOUNDNESS
- AVOID DELAYS IN FINANCING
- ENSURE TECHNICAL BACK-UP SERVICES
- BETTER POND MANAGEMENT -ENSURE HYGENE AND WATER QUALITY
- AVOID CROWDING IN THE POND
- ENSURE GOOD SEEDS AND FEEDS
- DISEASE PREVENTION

POLICY INITIATIVES

Agri-Export Zones

Instruments for Enhancing Agri Exports

- AEZs aimed at enhancing social equity, increasing revenues for the farming community and sustainable consumption (without wastage) of agriculture produce
- About 61 AEZs have been approved so far, estimated investment about Rs. 17 billion
- Agri infrastructure including food packaging, cold chain, processing machinery, atmospheric controlled multi-chamber containers
- Estimated increase in exports in next five years – Over US$ 2 billion
- US$ 28 bn investment required to raise food processing levels (value addition) by 8-10% from the current 2%

VISION 2015

Moving towards value added processing

- MOFPI's Vision 2015: Objectives:
  - Significantly increase level of processing; achieve higher growth through value addition
  - Increasing India's share in global food trade from 1% to 3%.
  - Achieve quality image for Indian food products in domestic as well as overseas market
  - Market size for processed foods will increase from Rs 5300 bn to Rs 11300 bn by FY 2015
  - Share of value added products in processed food consumption will grow from 37% (Rs. 2000 bn) to approx. 50% (Rs. 5800 bn).
  - Investment required in building the processing capacity in the organized sector is about Rs. 676 bn till 2015 (Rs. 286 bn till 2010 and Rs. 388 bn between 2010 and 2015)

New Trade Policy 2004-09

Special focus on Agriculture

- Doubling of India's share in global exports (to US$ 150 bn) by FY2009)
- Special Focus Initiatives prepared for Agriculture:
  - New scheme – Vishesh Krishi Upaj Yojana, introduced to boost exports of fruits, vegetables, flowers and their value added products
  - Export of these products to qualify for duty free credit entitlement equivalent to 5% of FOB value of exports
  - Capital goods imported under EPCG for agriculture to be duty free, and permitted to be installed anywhere in AEZ
  - ASIDE funds to be utilized for development for AEZ also
  - Import of seeds, bulbs, tubers and planting material liberalized
  - Export of plant portions, derivatives and extracts liberalized

Export Hub

An integrated mechanism of supply of agri products

- An integrated mechanism of supply to overseas buyers focusing on:
  - Conglomeration
  - Conformation to international standards of quality and safety
  - Tie-ups for export marketing
- Economies of scale would arise due to clustering of several backward and forward linkages
- The hub would essentially provide the following:
  - Interfacing between farmers and international buyers
  - A one-stop centre for specific needs of agri-exporters
  - Logistics support conceiving a combination of varied & interconnected facilities like port/airport connectivity

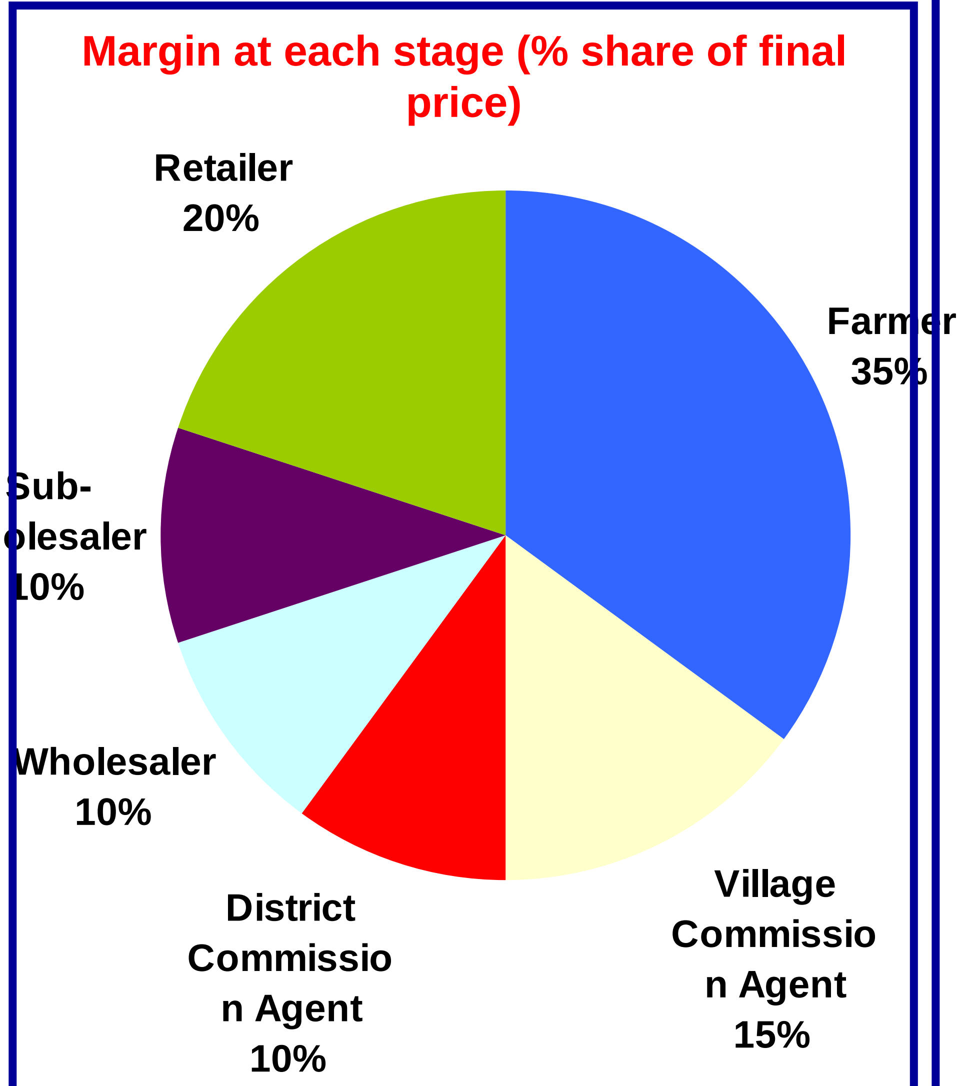
Agri Export Entrepreneurship

Emerging agri products – potential goldmines for entrepreneurs

- **Generic Success Factors: -**
  - **Global market intelligence**
  - **Direct relationship with buyers**
  - **Clear product-market strategy for exports**
  - **Strong R & D skills**
  - **Access to technology**
  - **Moving up the global value chain**
  - **Clear export thrust**
- **Need to imbibe such successful business practices in agri business**

Constraints for the Industry

Supply chain for fruits & vegetables is highly fragmented



Source: Rabo Bank

- The supply chain is plagued by intermediaries.
- This leads to a higher buyer price.
- Issues :
  - Non-transparent pricing
  - Limited financial capability
  - Primitive sorting, grading facilities
  - Rampant wastage
  - Lack of quality and hygiene packaging
  - No Market determined prices

International Food Safety Standards

…can potentially play a catalytic role for the processing industry

- **Food safety and agricultural health risk management should be considered as a core competence in the competitiveness of processed F&V.**
- **Although new or more stringent standards can serve as a trade barrier, they act more often as a catalyst for progressive change.**
  - **Stricter standards can provide a stimulus for investments in supply-chain modernization.**
  - **Provide increased incentives for the adoption of better safety and quality control practices.**
  - **Help clarify necessary roles of government in food safety and agricultural health management.**
- **The compliance process can result in new forms of competitive advantage and contribute to more sustainable and profitable trade over the long term.**
- **Need to adopt a strategic approach to food safety, agricultural health and trade.**

Way Forward

- Set up National Food Processing Mission involving all stakeholders- Govt. (GoI, State Govts.), farmers, producers, financing agencies, consumers, co-operates, etc.

Mission strategy elements:

  – Regulatory Changes (Under Way)
  – Agri-Infrastructure Development- widen the scope of RIDF
  – Technological upgradation of Food Processing Machinery Industry (on the lines of machine tools, textile machinery initiatives)
  – Greater involvement of private sector in all aspects, incentivise through WTO compatible non-actionable subsidies- common facilities, R&D, etc.
  – Accelerate non- directed flow of credit

Agro Export Infrastructure Development Fund (AIDF)

- **Set up AIDF with special focus on processed products for financing the following activities:**
  - **Export hubs, which act as integrated aggregators for agricultural product exports by providing both physical infrastructure and market related infrastructure.**
  - **Agricultural Export Zones as may be approved by Government of India.**
  - **Export related agricultural infrastructure including cold chains, multi-chamber modified atmosphere containers, storage facilities, grading, labelling and packing facilities.**
  - **Seed development, business driven R&D.**
  - **Enhance use of ICT in agri business to reduce transaction cost and enhance informational flow.**

How to Accelerate Credit Flow to Processed Sector

- Three Dimensions:
  - Policy to facilitate better class of entrepreneurs, corporates
  - Expand functions product range
  - Credit delivery

- Policy:
  - Regulatory changes to ensure availability of raw material and no market disruptions
  - Cluster Approach- AEZs

    Can larger processing units be given AEZs Status?

How to Accelerate Credit Flow to Processed Sector (Contd.)

- Financing Products:
  - Structured finance
  - Finance against export receivables
  - Warehouse Receipt Finances
  - Buyer’s Credits
- Risk Mitigation
  - Credit insurance (setting up of a Credit Guarantee Fund)
  - Use of Collateral Managers
  - Revamp crop insurance
  - Hedgers of price risks through commodity exchange

How to Accelerate Credit Flow to Processed Sector (Contd.)

- Understand and evaluate business model
- Contribute to project formulation
- Evaluate and strengthen supply chain
- Combine government incentives and bank finance for viable projects
- Need to be a responsible risk taker