

Project and Workshop Overview

Scott Davenport

International Workshop

Achieving Food Security in India:

Improving Competition, Markets and the Efficiency of Supply Chains

24 November 2009

His Excellency Mr. Peter Varghese, Distinguished Guests, Ladies and Gentlemen.

It is a great privilege to be with you today to consider the policy challenges associated with food chains and food security in India.

At the outset, however, it is appropriate to recognise that India is not alone in considering these issues.

Australia, for example, having reformed much of its agricultural policy is now heavily focussed on issues such as refining the operation of water markets and introducing climate change policy, which, if not done well, also have the potential to adversely impact on our farmers, food production and regional communities.

Nevertheless, India does face its own unique food security challenges as a result of:

- (a) its heavy population dependence upon agriculture;
- (b) the high proportion of personal incomes spent on food; and
- (c) ongoing concerns about the levels of agricultural and food chain investment.

It is well recognised, more broadly, that domestic policy settings critically influence the ability of countries to achieve their true comparative advantage in food production and this policy challenge is well acknowledged by India's policy makers, and is a key focus of India's reform program.

As you will appreciate, working with India's policy makers to help address these challenges, in a very collegiate and supportive way, is the reason why our ACIAR project was developed, and the reason why we are all here today.

It is timely to ponder for a moment about how market-based policy reform programs are best approached. There are compelling arguments why they should be about having ongoing, independent government processes in place that can objectively assess *'the role of government'* in a market-based economy, and make transparent the full range of benefits and costs of regulatory and program settings.

This approach can be contrasted to more ad hoc, 'expert opinion' based approaches to what might constitute good policy settings.

Our ACIAR project, and today's program, have therefore been designed around the perspective that best practice policy processes often hold the key to unlocking the productivity and income gains that are so necessary to address concerns such as poverty, regional investment & employment and food security.

Our ACIAR project has enabled us to look at policy processes and their achievements in the BRICS economies, and in 2010, the project becomes more focussed on India and offers an opportunity to trial the application of a competition policy regulatory assessment processes to India's agricultural marketing regulations which comprise an important part of India's food chains.

This regulatory assessment, which will involve (i) documenting the full range of regulatory provisions which impinge on agricultural marketing and (ii) assessing whether they are consistent with 'market failure' principles, will ideally work in tandem with the agenda of key Indian Government agencies, such as the Competition Commission of India, the Department of Agriculture and Cooperation, the National Centre for Agricultural Economics and Policy Research and the IDFC. The assessment will also take into account the OECD's Competition Assessment Toolkit.

There is also scope in 2010 to complement that competition assessment work with more in-depth quantitative analysis of the benefits and costs of some of the more significant regulatory restrictions in India's food chains.

Professor Allan Fels and our wonderful Advisory Committee have and will continue to provide advice on the project, and throughout today, Dr Steve McCorrison, Dr Rajesh Chadha and Dr Donald MacLaren will provide you with more detail and seek your views on these projects.

Let me now turn to today's program.

Objective 1 for today is information sharing and issues identification. So, we will shower you with the views and perspectives of government, academia and the private sector on what they believe are the key policy reform issues in terms of microeconomic reform processes and outcomes that might be pursued in the near term.

To guide us with that information sharing and to enlighten us with fresh perspectives about the role of competition in food chains we have, as our keynote speaker, the eminent and international respected - Professor Allan Fels.

To enlighten us further, particularly in relation to India's food chain reform program, we have Professor Ramesh Chand.

In our sessions after lunch and before afternoon tea, we will again pursue the objective of information sharing and issues identification by challenging you with perspectives about competition policy based regulatory reform processes from the internationally renowned B. J. Phillips and Dr Eduardo Perez Motta.

Mr Bharat Desai will then challenge you with that essential, private sector perspective, about what regulation and constraints on competition work and what doesn't work in terms of private sector food chain investment.

Objective 2 for today, having shared information and perspectives and come to some agreement about policy reform priorities, is to see if we can agree on key 2010 policy research proposals that would be helpful and supportive of India's reform program.

So, this afternoon, Professor Arvind Panagariya will give us his perspective on those priorities and Dr Sisira Jayasuria will draw together his interpretation of the key issues from today's proceedings and their research implications.

Finally, our workshop session is designed for all of us to come together as a collegiate group and to agree on that set of high priority 2010 policy research proposals, with the attendant agreement to meet here again in the latter half of 2010 to report on the progress of our work.