

# Pragati

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Review

No 24 | Mar 2009

## Freedom First

KEEPING OUR REPUBLIC  
TRADING WITH ASEAN  
LATIN AMERICAN OPPORTUNITIES  
ISRAEL IN THE VILLAGE  
MARKET STATES AND TERROR

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## INDIA-ISRAEL RELATIONS

**Farming a relationship***India's rural development agenda and the opportunity for Israel*

MARTIN SHERMAN

I shall now take up our main challenge: agriculture. I may recall the words of Jawaharlal Nehru, who said "Everything else can wait, but not agriculture." Finance Minister P Chidambaram in his 2007 budget speech.

MR CHIDAMBARAM'S words articulate an awareness of a reality and need that create an enormous opportunity for expanding and deepening Indo-Israeli cooperation and a potential for huge benefits for both countries that extend far beyond the realm of short-term commercial benefits. Indeed, if judiciously developed, this could well blossom into a partnership of strategic dimensions.

If addressed with a prudent mix of resolve and intelligence, of political will and intellectual force, the development of India's rural sector could be one of the most momentous undertakings of this century—with unprecedented spin-offs for those involved with it.

Devising ways to increase the income of small farmers and providing them with alternative or additional sources of livelihood is essential to facilitate the orderly transformation of Indian agriculture to more modern and viable configurations. The quest to bring about this transformation can—and in all likelihood will—open up vast new areas for collaboration between India and Israel, in areas in which Israeli expertise and experience can be of special pertinence and value.

Israel has emerged into one of the world's leaders in agro-technology with expertise in a number of areas including

- aquiculture (including advanced hatchery techniques for fingerling production),
- dairy farming (where the yield of Israeli cows far outstrip that of the rest of the world)
- horticulture and floriculture, including greenhouse & hothouse technology
- fruit growing
- irrigation techniques and water management

There seems to be a growing awareness in India of the potential contribution Israel can make towards India's agriculture sector. This is reflected in the fact that India has consistently sent the largest

delegation to the triennial Agritech exhibition, considered to be one of the largest agro-technology exhibitions in the world.

However, while agriculture is clearly the essential point of departure for any initiative aimed at the improving the socio-economic conditions of the rural sector, efforts cannot be limited to merely improving yields and upgrading techniques of cultivation.

If the benefits of more efficient and productive agriculture are to translate into sustainable enhancement of the lives of the residents of rural India, an integrative systemic approach that addresses both pre- and post-harvest activities is essential. This will entail developing the means for marketing the increased agricultural output and the logistic systems to transport it from the farmer's field to the consumer's kitchen, via appropriate storage, refrigeration and packaging facilities.

It will also require development of various processing industries to make the produce more durable and the means of consuming them more diverse. The Indian retail sector is undergoing a rapid revolution, with supermarket chains establishing themselves throughout the country and vying for the Indian household's budget. This too will have a far-reaching impact on Indian agriculture, creating serious challenges for existing agricultural structures. It will open up opportunities to apply more advanced techniques of control—such as computerised systems of the kind developed and operated in Israel—to address the more stringent requirements of quality, reliability of supply and consistency of produce.

All of this will put increasing demands on the rural infrastructure systems—such as roads, rail and communication systems—which will have to be upgraded to adequately accommodate the changing needs of the rural sector. Another area of crucial importance, and one in which Israeli companies could make considerable contribution, is that of water management—again across a wide range of activities, from irrigation to conveyance and conservation, to sewage recycling and the

exploitation of marginal waters.

In addition, despite some criticism that it is reducing the availability, and increasing the cost, of food, the bio-fuel industry—including the cultivation of crops for raw material and establishment of fuel production plants—is likely to become a growing part of India's rural sector in the coming decades. For example, in some areas of India, ethanol production is being proposed as a way to facilitate the shift from rice cultivation to maize. This will prevent depletion of groundwater and reduce the energy used for irrigation.

Israel is also a leader in related pre-and post-harvest industries. On the pre-harvest side, these include the production of agricultural inputs (such as fertilisers and irrigation equipment), and provision of expertise in fields such as soil conservation and water management. In terms of post-harvest operations Israel has developed impressive capabilities in fields such as agricultural logistics, storage, packaging, development of rural infrastructure, rural medical services, and branding and marketing of agricultural produce (for both domestic and export markets).

#### **Creating non-agricultural income sources**

However, rural development cannot hinge on the enhancement of agriculture and its derivative activities alone. As a general trend, as levels of agricultural productivity rise, levels of agricultural employment fall—increasing the potential for social unrest and increase in urban migration into India's already overcrowded cities.

Here again Israel's experience could be instructive. It has considerable experience in weathering severe crises in the agricultural sector, and has achieved impressive success in devising innovative societal organisations to enhance the lives of the rural population and in generating additional non-agricultural sources of income—such as rural tourism, outdoor recreational activities, and boutique/cottage industries. All of these competencies would be of great practical value in helping rural India restructure for the coming decades, generating potentially lucrative commercial opportunities for both countries.

Another sphere which dovetails well with both the desire to upgrade the quality of life in rural areas and provide non-farm sources of employment is that of rural medicine, particularly the establishment and expansion of rural clinics. Development in this area would not only provide valuable services to the rural communities and offer additional prospects for employment and training for the local residents; but it would also open up opportunities for international firms to

equip and supply such clinics. For instance, in a recent article in the *Indian Journal of Medical Ethics*, Bashir Mamdani reveals how opportunities for Israeli firms may arise in unexpected avenues. Among others the article suggests that enhanced monitoring equipment in clinics could dramatically improve the work attendance of medical staff in rural areas—as it did in case of school-teachers.

Just how opportunities may emerge in areas not usually associated with rural development is highlighted by Meghnad Desai who has suggested that the Indian government should adopt the use of biometric “smart cards” to transfer government payments to the half-a-billion rural poor rather than by the current post office system. Among other things, this could reduce skimming of funds by officials as they move down the distribution chain. Both ICICI Bank and Citibank are reportedly exploring this possibility, has been endorsed by the Indian government. This example illustrates how advances in seemingly unrelated

**Israel has achieved impressive success in devising innovative societal organisations to enhance the lives of the rural population and in generating additional non-agricultural sources of income.**

fields can be integrated into the development scheme for India's rural sector. This is certainly true of fields like telecommunications and finance where innovative solutions to meet the demands of changing realities can present Israeli businesses with new opportunities.

#### **A roadmap**

There is little dissent among policy pundits in India that the country's rural sector will have to undergo a far-reaching structural metamorphosis. It is also clear that Israel has the potential to make a significant contribution towards such strategic restructuring, and this avenue should be purposefully explored by both countries. However, it must be borne in mind that the success of such a bilateral endeavour will, in many respects, be crucially dependent on the composition of the participating teams.

To achieve tangible impact and enhance the likelihood of it being incorporated into practical policy, the members of these teams will need to be

Photo: Delayed Gratification



of sufficient prestige and prominence to allow them access to, and influence on, senior policy makers in both New Delhi and Jerusalem. Without a judicious choice of participant experts, who have necessary stature, resolve and commitment to push for the practical implementation of their recommendations, the entire endeavour, however auspicious, astute and appropriate, is likely to remain yet another an academic exercise.

Bearing this in mind, the following staged proposal could constitute a plausible program for a collaborative bilateral strategic initiative.

### Formulating visions for rural India

The initial stage of the joint programme should comprise bilateral consultations between Indian and Israeli teams of experts aimed at arriving at an agreed vision for the optimal future structure(s) of rural India. Such a debate would presumably involve the assessing of possible socio-economic alternatives and their suitability for implementation on a national or regional scale. Conceivable structural alternatives to replace the current untenable rural configuration composed dominantly of smallholdings, which are often fragmented and of insufficient—and diminishing—size, might include:

- Large corporate agro-business owned by stock holders and operated by a salaried workforce and/or hired subcontractors
- Regional co-operatives owned collectively by farmers and operated mainly by the pooled resources of the owners and under their direction.
- Enhanced Smallholdings based on advanced intensive production techniques for superior yields from small production units.

Such models exist in Israel: Several such regional enterprises operate successfully in various fields of agricultural activity from the preparation of high-grade feedstuff and fodder for livestock and

poultry, the extensive cultivation and harvesting of grain and fibre crops, as well as the processing, storage and marketing of various types of produce.

*Moshav* communities (semi co-operative villages comprising individual smallholders engaging in largely independent farming activities) could, with appropriate adjustments and modifications for local conditions, perhaps provide a useful “template” for restructuring the Indian smallholding sector. The use of advanced methods of greenhouse technology, irrigation, genetics have allowed numerous *moshav* farmers to attain unprecedented levels of performance in areas such horticulture, floriculture and dairy farming – with yields per hectare (or cow) far beyond that achieved by traditional agricultural practices.

Clearly, whether a single one of these configurations, or a judicious combination of them would be judged suitable, would depend strongly on prevailing conditions in specific regions being considered for implementation. This leads to the next stage.

### Parameters of the transformation process

One of the main objectives of the second stage would be to focus on planning the socio-economic, legal and political “infrastructure” needed to facilitate, and to induce, the planned metamorphosis of existing rural structures, systems and practices into those envisioned. Israel’s experience in propelling its agricultural sector to the forefront of development may well be instructive in this regard. For example, Israeli law prohibits the subdivision of smallholdings through inheritance and the farm unit can only be passed on to one heir. How this thorny social issue is handled may be of value in devising some form of rural land reform in India. Likewise in addressing and preparing for the social and cultural impact of, and obstacles to, the introduction of advanced technology, much could be gained from studying similar developments that took place in Israel. India could also learn about stringent quality control and of adapting to the inevitable necessity of non-farm employment from Israel’s experiences.

### Implementing the transformation

The third stage would comprise identifying the areas of activities to implement the prescribed restructuring of rural India. These activities would embrace a wide arc, including

- Pre-harvest preparations and inputs
- Production/cultivation techniques and practices

- Post-harvest operations such as packaging, marketing, processing
- Infrastructure—particularly transport and communications systems to facilitate greater accessibility to markets, customers and suppliers.
- Logistics such as appropriate packing-house facilities, storage and conveyance of produce, as well as required refrigeration facilities
- Development of sources of non farm incomes and employment possibilities in such areas as rural medicine, tourism, recreation, cottage industries and so on
- Creating appropriate financial infrastructures to facilitate the planned transformation and sustain it once achieved.

Clearly the conceptualising of the measures stipulated in this stage and of those in the previous one are not detached from each other. Indeed, it may be likely that often the recommended measures in this stage require prescribing some of the measures in previous one—such as legal changes required to create larger production units to accommodate enhanced cultivation techniques. Thus the order of sequencing of the stages here need not necessarily correspond to their required temporal sequencing in practice.

#### Identifying relevant Israeli competencies

The major focus of this stage would be to identify the Israeli corporations and organisations—in both the private and government sectors—with the relevant know-how and competencies to meet Indian needs, and to offer best practice proposals based on proven Israeli expertise and its adaptation to prevailing conditions in India.

In contrast to the generally “top-down” strategic approach adopted in the design of the initiative up to now, this stage can also incorporate a “bottom-up” tactical component. This could take the form of a more immediate problem-solving effort which in collaboration with Indian counterparts will be devoted to identifying issues of particular urgency in specific areas, and to explore ways to apply Israeli expertise and experience in effecting sorely needed solutions on the ground.

#### Partnership frameworks

The final stage would be devoted to exploring optimal methods and frameworks for structuring joint bilateral operations that best utilise the potential of Indian-Israeli partnership. For example this would involve careful analysis of pertinent legal, organisational and financial parameters in the design of business models and benefits from research funds that ordinarily would be available

on only one of the partner countries. On the government-to-government level, consideration should be given to establishing bilateral R&D funds, perhaps modelled along the lines of the US-Israel Bilateral Agricultural Research and Development (BARD) fund, which has generated agro-operations worth hundreds of millions of dollars in both countries, yielding benefits far outstripping the initial government investment. Likewise, enhancing the funding of some of the existing bilateral funds that have been established in recent years may be seen in a more favourable light if they are incorporated into a systematic and integrated initiative such the one proposed here.

However, whatever configurations eventually emerge as the recommended formats for joint Indo-Israeli initiatives it is clear that one principle must dominate the rationale of their structuring and modus operandi. This is the recognition that its long-term success depends crucially on the benefits—whether commercial, political or strategic—that it creates for both participants over time.

A previous article in *Pragati* (“The India-Israel imperative”, No 16 | Jul 2008) had pointed to the remarkable compatibility between the aspirations of modern India and its leaders on the one hand, and the areas in which Israel has acquired exceptional expertise on the other. This is graphically reflected in the slogan “Jai Jawan, Jai Kisan, Jai Vigyan”.

In two of these areas, India and Israel already have a well-developed relationship: In the sphere of defence and security matters (reflected by the fact that Israel is India’s second largest supplier of military merchandise) and in the sphere of technology and science (symbolised by last January’s successful launch of an Israeli satellite by an Indian rocket).

There thus could be a no more opportune time than the present to turn the attention of both countries to the third element—the development of close collaborative ties devoted to advancement of agriculture and the enhancement of the lives and livelihoods of those engaged in it, and dependent on it across the subcontinent—and to impart to the call “Jai Kisan” the genuine significance it merits.

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