

THE KARNATAKA PLANTERS' ASSOCIATION
CHIKMAGALUR

The Speech of the Chairman Dr. Maneyapanda Chengappa - AGM 27-10-2017

Distinguished and Respected dignitaries on the dias, our Chief Guest Shri M.R. Seetharamjee, the District- in -charge Minister for Kodagu,

Guests of honour,

Shri Rajiv Gowdajee, Rajya Sabha M.P. from Bengaluru,

Shri Bhoje Gowda, Chairman, Coffee Board,

I am extremely grateful that you could spare some of your valuable time to attend this function in spite of your busy schedules. We at the Karnataka Planters Association are humbled and honored by your presence.

Distinguished past chairmen of the KPA, Executive committee members of the K.P.A and U.P.A.S.I. My fellow planters, friends, sponsors, Invitees ladies and gentlemen. Before I begin I would like you watch a video clip message sent by Our Hon. Commerce Minister to the Karnataka Planters Association. We had invited him and also met him on the 16th of this month at Delhi. He had expressed his desire to come and, unfortunately for us he could not do so, as he was travelling abroad during this time.

At the outset I would like to announce with deep regret the passing away of Shri U.K. Lakshman Gowda on the 6th of July 2017. He was the Founder President of the Karnataka Planters Association. In him we have lost a Statesman, a Visionary, A Philanthropist and a great human being.... May his soul rest in peace.

CURRENT PLANTATION SCENARIO

The Plantation Industry is going through one of its most testing times.

Drought in the plantation districts, indifferent untimely rains and white stem borer infestation have resulted in severe crop loss. The income from Pepper provided the cushioning effect against the low prices of coffee and high input costs. With pepper prices crashing by 50% the future look bleak and the growers now have their backs to the wall.

Added to this, there is, looming in the horizon the Center's proposal of a common a National Minimum Living Wage. At the state level there is an imminent increase of wages round the corner. This will certainly deliver a knock out blow to the Plantation Sector.

***Wages and Social costs under The Plantation Labour Act** constitutes more than 60 percent of the total cost of coffee cultivation. The annual wage increase was below six percent till 2007-08. From 2008-09 the increase was very steep. Against 2007-08 wage of Rs.79 per day, the current wage is at Rs. 277. This could be the highest increase for any industry in Karnataka.*

This wage with all the mandated add-ons of social benefits under the The Plantation Labor Act will amount to additional wage burden of about 50%.

This is an added financial burden for both the corporate and proprietary planters.

The Inter Ministerial committee recommendation of sharing the social costs by the Government of India, State Government and Plantations in the ratio 50%:30%:20% has to be implemented to reduce the burden on plantation.

On the contrary the sale price for coffee at the farm gate hovers around Rs2800 to 3200 for a 50 kg bag while the labour and fertilizer costs have spiraled disproportionately.

The coffee crop 2016-2017 post harvest figures are a total of 3,12,000 metric tons compared to the previous year's high of 3,48,000 metric tons. The forecast for the year 2017 - 2018 too looks bleak at around 3,05,000 to 3,12,000 metric tons,

On the contrary the Coffee Board has given an inflated figure of about 3,50,000 metric tons citing increase in the area of cultivation in the plantation districts of about 13,500 hectares. All estimates are by the visual method only along with the opinion of a few selected growers.

The actual crop estimate is finally known only when the coffee is picked dried and bagged.

IMPORT OF PEPPER:

*A detailed memorandum on the import of pepper of poor quality into India from the ASEAN nations using the concessional FTA and SAARC agreement tariffs has been submitted to the PMO and the Commerce Ministry. This import of pepper is a double whammy. **It not only brings down the prices of pepper at the farm gate but also causes huge loss to the Govt. Exchequer.***

A probable solution for this... Is fiscal prudence, quality up gradation, creating a story about the origin, highlighting its journey from the plant to the cup, attractively packaging the commodity and show casing it to the world, retailing it at both local and international markets.

If a small town 'Gilroy' in the United States hosting a garlic festival annually could become the Garlic capital of the world, there is no reason why we cannot achieve a similar feat with coffee.

The shade grown coffee from the Biodiversity rich Plantation Districts of the Western Ghats is a much sought after commodity for its quality, origin and Fair Trade cultivation practices that are ecologically sensitive and sustainable.

The International buyers must see for themselves the people who grow the coffee, how they grow it and the environment in which coffee is grown .This in itself is value addition.

International Trade Fairs must be held in the district head quarters of the Plantation Districts in COORG & CHIKMAGALUR as a Trade and Tourism event

This will incentivize the small growers to produce better coffee for better remuneration.

This is a sure and only path to better market realization and will fulfill our Hon Prime Ministers dream of doubling the farmers' income in the next few years

Meeting with the Honourable Commerce Minister at Delhi

A meeting with the Hon Commerce Minister Shri Suresh Prabhu was held on the 16th of October 2017 along with the Commerce Ministry Officials.

One of our submissions to the commerce ministry is to hold International Coffee Trade Fairs in India in the Plantation Districts in Kodagu and Chikmagalur as over 70% of the coffee produced is exported. This will help the small growers who form 90% of the farmers producing coffee..

A memorandum was submitted on the crisis in the plantation sector due to the crash in the price of pepper because of large scale import of pepper by legal, legally manipulated and illegal means.

The need for the withdrawal of the restrictive section 7(1)b of the income Tax Act which states that 25% of the income derived by the grower from the sale of his cured and graded coffee would be liable for central income tax was emphasized. This has prevented a lot of small growers from earning a little more for their produce which in turn could at least cover their fertilizer costs for the year.

Curing and grading the coffee is essential for any buyer to identify the quality of the coffee

One of our very important submissions is that The Coffee Board and the Commerce Ministry should come out with a white paper on the list of internationally banned pesticides. The use of banned pesticides will be the single most important cause for our agriculture products to lose out in the international market. It is also one of the principal causes for the Surge Of Cancer in our country

The response from the ministry was in the affirmative and one of hope for the grower and the environment.

The year gone by has been very eventful.

The central government responded positively to our submission on GST by pegging the GST on coffee other than roasted and powdered at 0 %

Mr Srivatsa Krishna I.A.S. has been appointed as the new Coffee Board Secretary and C.E.O.,

The longstanding demand of a lot of grower organizations has come true with the appointment of Shri Boje Gowda a coffee planter from Chikmagalur as Chairman of the Coffee Board.

***The Hon. Commerce Minister Mrs. Nirmala Seetharama conceded to our request to promote coffee locally by setting up kiosks and coffee experience centers** The primary objective is to increase the domestic demand for the cup of coffee and to transform it from an elitist drink to a common man's drink.*

Before demitting office to move to the Defense Ministry, the Hon. Minister had ordered that 10, 000 coffee kiosks be set up at various high footfall locations.

The ambitious soil health scheme "KSHEMAM" was launched by the Commerce Minister The Hon Mrs. Nirmala Seetharaman in a glittering function at Bengaluru on the 21st of April 2017. A coffee stamp tasting of Coffee was released two days later.

With the Honorable Prime Minister heading the Niti Ayog and the dynamic Shri. Suresh Prabhu heading the Commerce Ministry we can expect some positive responses to bail out the ailing coffee sector.

CLIMATE CHANGE

Climate change has resulted in an increase of pest and diseases that impacts coffee crop productivity.. This year again the plantation districts had untimely and decreased rainfall during the crucial months. This has

resulted in a poor standing coffee crop and poor development of new shoots in the coffee plants for the coming season.

Payment for Ecological Service is a long standing demand of the Coffee growers.

Coffee in India can only be grown under shade in the Eco Sensitive Zone of the Western Ghats. As a consequence, the yield per acre is low though the coffee is of a superior quality.

Plantations in India, account for the highest tree cover canopy density and carbon sequestration among any cultivated food crop in the world.

Payment to coffee plantations for ECOLOGICAL SERVICES is the need of the hour to make traditional coffee growing sustainable.

DWINDLING ARABICA PLANTATIONS DUE TO WHITE STEM BORER:

Added to this a lot of Arabica plants are lost to the White Stem borer beetle. Efforts to find the elusive cure have been futile since the last 100 years. This has forced growers to shift to Robusta coffee.

Until a cure for the White stem borer infestation is discovered, it is imperative that the small grower be given financial assistance to change over to Robusta as this shift takes at least 10 years to produce sustainable yields and remuneration.

WATER and the Planter

Of late a lot of talk and effort has been directed at conserving water. The farmer in the plantation districts harvests rain water in man made lakes and storage tanks then uses this water for irrigation during the summer months.

Collectively the plantations have some of the largest and most scientific rainwater harvesting systems in the country.

Water is the very essence of life.

A fresh look at the huge amount of sewage water produced in the cities and towns is the key to the future of Agriculture in the country.

This huge amount of waste water can be treated and supplied to the farmers using the same systems that are employed to supply drinking water from distant rivers.

This is the only solution to meet the ever increasing requirement of water.

MAN-ELEPHANT CONFLICT:

The Deaths from Human-animal conflict in the plantations in Kodagu have reached alarming levels. It is now understood that apart from 62 elephants that are residents in the coffee plantations, most incursions are by transients who return to the forests.

It is imperative that these 62 elephants be relocated.

KPA has requested the PCCF to consider setting up a fenced reserve inside the existing forests for relocation of these elephants.

PROPOSED RAILWAY LINES AND NATIONAL HIGHWAYS THROUGH KODAGU.

There have been proposals and necessary steps are being taken by the central government to construct railway lines and National highways through Kodagu district. This would be disastrous to the environment

The construction activity of such railway lines and highways would require a lot of labor and would result in plantation workers being employed for the same creating a severe crisis in cultivation.

The huge influx of personnel, machines and vehicles for these projects would cause severe water shortages, pollution and springing up of slums and shanty towns, in an otherwise naturally pristine area.

These proposals clearly contradict the government's proposal on one hand to create ESZs and on the other hand to bring in large infrastructure projects.

These projects do not benefit the local economic and ecological ecosystems, but are only meant to provide a thoroughfare to our neighboring states and districts.

PERMANENT SOLUTION TO ENVIRONMENT & LAND TENURE ISSUES.

The myriad issues relating to Environment and land tenures have been haunting the people in the plantation districts specially in Kodagu [Coorg] questioning the title and ownership. This has to be simplified, and settled permanently by the Government at the earliest.

Otherwise this Damocles sword, will be constantly be hanging on the heads of the coffee growers, ninety percent of whom are small and marginal farmers.

We the people living in the Plantation Districts are fortunate to be born here. This is evident by the fact that Kodagu [Coorg] and Chikmagalur have become the favorite destinations of people from across the world.

It is for us to nurture protect and save this pristine land our forefathers have bequeathed to us for generations to come.

Finally I would be failing in my duty if I did not mention and thank the people who made a difference to my tenure as Chairman of this August body.

I bow my head in thanks to the following distinguished people:

To Our Chief Guest Shri M.R. Seetharamjee for taking time off to attend our AGM.

To Shri Santosh Ladjee for understanding our views and resolving the contentious issue of labour wages.

To Our present Commerce Minister The Honourable Shri Suresh Prabhujee for giving me an opportunity to present to him the challenges faced by the Plantation sector on the 16 th of October at the Udyog Bhavan New Delhi.

To our former Honourable Commerce Minister Smt Nirmala Seetharamanjee for meeting us at the Parliament Office & always being ready to listen to and sort out the problems of the growers.

To Our Honourable M.P. Shobha Karandalaje jee for facilitating our meeting with the Honourable Smt Nirmala Seetharaman at the Parliament House in Delhi. Madam you have been very kind and good to us always ready to help.

To our Honourable M.P. Shri Rajiv Gowda jee for being a perfect host to us in Delhi and taking us on a tour of the Parliament and inviting us to watch the proceedings of the upper house.

To Shri B.L.Shanker jee for being a willing facilitator for all our interactions with the State Government.

To Mr Vishram Medheker and Mr. Jaggu Nanjappa for arranging an exclusive meeting for me with their childhood friend and classmate The Honourable Commerce Minister in Delhi.

I would like to thank all my Committee members who stood beside me at all times helping and guiding me with all their suggestions and kind words of appreciation.

My sincere thanks to Mr Hulikere T. Pramod Vice Chairman K.P.A. for his active participation in all discussions & decisions and giving valuable inputs time and again, for supervising the final stages of the renovation work of the K.P.A. Secretariat, and keeping a tight control on the money outflow. I am grateful to him for monitoring and keeping track of the accounts along with Mr. Nitin the Accounts Clerk. Prudent fiscal management is the Vice Chairman's forte. His assistance in Liasoning with the government both at the centre and state was invaluable.

Thank you Mr. Pramod for hosting me during my visits to Chikmagalur.

Mr. N. Bose Mandanna the wizard of negotiations and Convener of the K.P.A negotiations Committee proved once again that there's no one better than him at negotiating with the Unions. Thank you Sir.

A big thanks to Mr. Shirish Vijayendra, Convener of the Committee of Plantation Crops, Vice Chairman Mr. H.T. Pramod, Mr. Mahesh Shashidhar and Mr. N. Ramanathan for conducting the highly appreciated and successful multi crop plantation visit at Srinidhi Plantations.

My thanks to the Convener of the Environment Committee Mr A.A.Ponappa, Mr Nirad Muthanna and Mr Sridev for their valuable inputs on the environment and forests.

My thanks to Mr. Sameer Gurjer, Convener of the Sports Committee and Mr. Mahesh Shashidhar for conducting the sports meet so successfully and with such great enthusiasm. A special thanks to Mahesh for patiently handling all the novices at the shooting range.

I am deeply indebted to Mr. Sanjiv Sarin Managing Director and CEO of TATA Coffee & Mr. Chacko P. Thomas, Executive Director and Deputy CEO of TATA Coffee for all the support extended to me during my tenure.

My thanks to the team from TATA Coffee specially Mr. Sathanarayana Convener of the Taxation Committee & Mr. Vijay Karnad who handled the tricky and sticky issues of Taxation and Negotiations with great professionalism.

My thanks to Mr. M.B. Ganapathy Senior General Manager of TATA Coffee and Trustee of the K.P.A. who stood beside me like a rock at all times..I would like to thank TATA Coffee for providing the services and facilities of TATA Coffee offices for the use of The K.P.A. Executive Committee both at Kodagu and Bengaluru.

*To the Lady Committee Members we made a beginning so lets keep it going!
Thank you.*

*A special thanks to **Mrs. Pranathi Shetty** for getting Mantle Labs to associate with the K.P.A. My thanks to Mrs. Waheed Naqvi for using her good offices with The Hon Minister of Labour Shri Santosh Lad to reach a reasonable and quick settlement with the Trade unions.*

My thanks to Mr. AL. RM. Nagappan & Mr. N. Ramanathan, the father & son team, for helping me source and design the new K.P.A.Tie.

*A word of thanks for the efforts of **Mr. Sunil P. Rasquina and Mr Yashwant R. Gurjer the architects of the KPA Website.***

About the K.P.A. Secretariat I have only this to say....That they are a group of simple, dedicated, hard working souls ever ready to learn and work without time constraints.

For over a month they have been working beyond office hours late into the evening preparing for the Annual Conference

Thank you Anil Savur, Kushalappa, Devanand, Nitin, Vijay and the two Chandrus senior and junior.

My sincere thanks to the principal sponsors of this event

Messrs Husqvarna (India) Products Pvt. Ltd.,

Messrs YARA FERTLIZERS India,

Messrs TATA COFFEE,

AND THE BRIGADE GROUP

Thank you for coming forward spontaneously on my request to sponsor this annual event with your generous contributions.

My thanks to Mr Bose Mandanna for getting Messrs Husqvarna India Products Pvt Ltd on board as a Principal Sponsor.

My thanks to all the other sponsors, to the print and electronic media for being here with us as part of the conference helping to make it a memorable event.

My thanks to the team from Royal Orchid for their excellent service. A special thanks to Mr Ashish Bakshi and Mr Srikant.

*Mr Vasudev Udupa thank you for graciously agreeing to manage this event Your Event Management Company **Udupas Enterprises** has done a brilliant job as usual.*

Finally I would like to thank all the people who contributed to the making of the year book both in the way of informative articles and advertisements.

There is no better wealth than knowledge and knowledge is power.

It is the one and only fuel for progress.

This last one year has been a huge learning curve for me in terms of plantation & environment issues, human relations and management.

It has been my privilege to serve you as Chairman of the Karnataka Planters Association.

Life does not require that we be the best....only that we try our best.

I have always done what I know in my heart to be right. And this I have done fearlessly to the best of my ability.

Thank you for giving me this great opportunity to serve you all...

Dr. M.M. Chengappa