

## News Brief

4 - 10 July 2020

### Government Policies and Initiatives

[The government, in a first, has decided to import planting material like seeds, saplings and rootlets of exotic varieties of fruits which are imported into India and are popular with the consumers.](#) This would include exotic varieties of apples, almonds, walnuts, grapes and date palm. Launched with the intention of helping local growers and reducing imports, this programme will be fully funded by central government under the Mission for Integrated Development of Horticulture and will be for 3 years initially.

The Agricultural and Processed Food Products Export Development Authority ([APEDA](#)) [has decided to create a dynamic Market Intelligence Cell \(MIC\) which would capture real-time events across various parameters affecting the export opportunities for agro commodities of export interest.](#) It has invited proposals from Professional Consulting Firms which can facilitate the operations of the MIC. This is with the aim of helping farmers to increase their incomes and increasing agriculture exports from the current value of EUR 26.5 billion to EUR 53 billion by 2022.

[The Central government has sanctioned EUR 471 million for the setting up of food parks in Karnataka under the Self Reliant India programme,](#) a EUR 235 billion stimulus package announced in response to the COVID-19 crisis. The move will encourage agri start-ups in the state to set up production and related units in the food parks. Many food parks have been set up in the past promoting agri-food processing operations that have not taken off as it could not attract entrepreneurs and industries to start off operations. During this Covid-19 pandemic, the agro-food sector has played a central role in the essential services category. This has led to every possible production and marketing activity under the agri-food category to be seen holding promising prospects for growth.

[The government approved the setting up an agri-infra fund with a corpus of EUR 11.8 billion to provide financial support to agri-entrepreneurs, start-ups, agri-tech players and farmer groups for infrastructure and logistics facilities.](#) The agri-infra fund is part of the Self Reliant Programme. The fund will provide medium-to-long term debt financing facility for investment in viable projects for post-harvest management infrastructure and community farming assets through interest subvention and financial support. All loans under this financing facility will have interest subvention of 3% per annum up to a limit of EUR 235,443. This subvention will be available for a maximum period of seven years.

[The government has released the guidelines for Evaluation of Nano-based Agri-input and food products in India.](#) The guidelines have been prepared by the Department of Biotechnology (DBT) in conjunction with Ministry of Science and Technology, Ministry of Agriculture and Farmers' Welfare and Food Safety and Standards Authority of India (FSSAI) and Ministry of Health and Family Welfare. The guidelines are meant to assist in policy decision making by providing relevant information on the existing regulations for nano-based products in agriculture and food and also to ensure quality, safety and benefits of the products.

[The government has issued a draft notification on July 8<sup>th</sup> restricting the use of glyphosate only through Pest Control Operators \(PCOs\) and has given 30 days for objections or suggestions on the draft.](#) The

decision has not been well received by the industry with over 90 Indian companies engaged in manufacturing and distribution of both ammonium and IPA salt of generic glyphosate. Glyphosate is the cheapest weedicide in the market and is one of the largest segments of the pesticide industry, with Indian market size pegged at over EUR 129 million. According to industry members, the move is likely aimed at controlling the spread of illegal herbicide tolerant (HT) cotton as its growers use glyphosate to kill weeds as cotton (HT) is glyphosate resistant. By banning glyphosate, government is trying to discourage farmers from growing (HT) cotton. Recently, the agriculture ministry had also issued a draft notification for banning 27 pesticides which again received a lot of opposition from the industry.

## **Locust Attack**

[The Food and Agriculture Organization \(FAO\) has warned India to remain on high alert against locust attack till July end.](#) The Indian government has been using latest technology and equipment like drones and Bell helicopter to control the menace. So far, locust control operations have been done in a total 1,35,207 hectares area in Rajasthan, Madhya Pradesh, Punjab, Gujarat, Uttar Pradesh and Haryana by the Locust Circle Offices (LCOs). Rajasthan is the most affected state in the country but has only reported minor crop losses. The other affected states where no significant crop losses have been reported are Madhya Pradesh, Punjab, Gujarat, Uttar Pradesh, Maharashtra, Chhattisgarh, Haryana and Bihar. Weekly virtual meetings on desert locust of South-West Asian countries (Afghanistan, India, Iran and Pakistan) are being organised by the FAO, and 15 have been conducted so far.

## **Trade**

[India's agricultural exports in 2019-20 decreased by 13% from EUR 16.41 billion in 2018-19 to EUR 14.20 billion in 2019-20,](#) as the top three products accounting for 60% of the exports - basmati rice, buffalo meat and non-basmati rice – were hit by weak demand and pricing. Basmati rice exports slightly increased in terms of volume to 4.45 million tonnes (from 4.41 million tonnes in the previous year), but fell 7.4% in value to EUR 3.86 billion. Buffalo meat decreased by 6.5% to 1.15 million tonnes and an 11% decrease in realisations at EUR 2.83 billion. Non-basmati rice shipments were down by 35% to 5.04 million tonnes. In terms of value, the decrease was 33% to EUR 1.78 billion. Furthermore, export of fresh fruits and vegetables fell 13% to EUR 96.24 million, pulses by 19% to EUR 186.31 million, and guar gum by 33% to EUR 398 million. Dairy products also witnessed a major decline of 42% to EUR 247 million. Groundnut and processed vegetables were among the only few products that registered growth with Groundnut shipments increasing by 51% to EUR 632 million due to improved demand from countries such as Vietnam. Similarly, processed vegetables were up 6% to EUR 275 million.

[The United States had made a submission to the WTO's Committee on Sanitary and Phytosanitary Measures, expressing concerns over India's new directive forbidding the use of feed containing animal bits](#) (except milk and milk products) for meat and milk producing animals except fish and poultry. Published on January 27<sup>th</sup>, the directive also makes it mandatory for all commercial feeds intended for food producing animals, including imports, to comply with the relevant Bureau of Indian Standards (BIS) specification and certification norms and comes into force on July 27<sup>th</sup> 2020. The US has said that the new directive will have an impact on trade in feed ingredients and potentially on trade in meat and dairy products as the US does not have the same sanitary requirements within the country. The US has asked that the implementation of this directive be delayed in view of the pandemic and a sufficient transition

period be provided to allow operators to adjust supply chains without undue disruption. It also asked India to take steps to ensure that any changes to its FSSAI Food Additive requirements, that could impact imported products, be notified to the WTO at an early stage.

[Sugar exporters are ready to compete with Brazil, Cuba and Thailand to meet China's demand of 4 million tonnes of sugar](#), despite the 50% customs duty, which according to them is still viable. They have the capacity of exporting 300,000 tonnes of sugar to China in the next two months.

[Indian tea exports to China and Iran are still taking place despite the economic uncertainty due to Covid-19 and the border tensions between India and China](#). Chinese importers are offering good prices for Indian black tea and shipments have already begun. In 2019, India had overtaken Sri Lanka in exports of tea to China and exported 13.45 million kg of tea. Iran, too, has started importing new season orthodox teas from the beginning of July at prices higher than last year. Last year, Iran had imported 54 million kg of teas but the imports are expected to go down to 45-46 million this year due to a decrease in Indian tea production and economic uncertainty in Iran. The production in India has already gone down by 140 million kg this year due to the lockdown. Last year, India produced 1,389 million kg of teas.

[Indian buffalo meat demand from Africa, Middle East and South East Asian countries is starting to look up after the lockdown](#). There is a good demand for Indian Buffalo meat as exports from Brazil and Argentina have dropped. The opening of animal markets and reduction in freight charges will also help the exporters. Buffalo meat exports have suffered a loss of EUR 624 million since the lockdown began in March.

[India's latest proposal on capping fisheries subsidies at the World Trade Organisation \(WTO\) keeps China out of the list of developing countries which are exempt from the prohibition of subsidies to large fishing vessels](#). As per the proposal, a developing country is not eligible for the exemption if its GNI per capita crosses \$5,000 for three consecutive years, has above 2% share in global marine capture, and the share of agriculture, forestry and fishing sectors is less than 10% of its GDP. It should also be engaging in distant water fishing. China does not meet any criteria to qualify for the exemption. India has also proposed, for certain cases, transition periods for developing countries and LDCs before certain subsidy prohibitions kick in as such provisions are needed to sustain the livelihood and food security needs of small-scale fishers.

## **Other News**

[The agritech sector has seen sharp growth during the covid-19 pandemic. Investments from venture capital firms in agritech startups are expected to exceed EUR 442 million](#) in the next two years as these startups come together to help farmers connect with buyers, automate supply chains and build the next layer of data analytics to further improve supply chain efficiency. As per a 2019 Nasscom report, India has more than 450 agritech startups, growing at a rate of 25% year-on-year. Startups like Ninjacart, which is India's largest tech-driven supply chain platform, has made a lot of news recently for its new initiative that helps farmers struggling to find buyers for their fresh produce, to directly sell to consumers. Dehaat and Jumbotail are other agritech startups creating a lot of news.

[Danone India is planning to bring 100% recyclable packaging by 2025 as part of its 'One Planet. One Health' campaign](#). The campaign aims at encouraging healthier eating and drinking habits in consumers

and promotes sustainable business practices for the industry. The company has been growing its nutrition business after acquiring the nutrition portfolio from Wockhardt Group in 2012. It sells a range of products for expecting mothers, infants, young children as well as adults, under brands like Aptamil, Farex, DExolac, Protinex, Nusobee and Neocate. Danone has been addressing nutritional challenges like protein deficiency, which affects over 70% of the Indian population, through its products and advocacy campaigns.

[The Gujarat Cooperative Milk Marketing Federation \(GCMMF\), which markets the Amul brand of milk products, has approached the Gujarat government for a financial incentive of EUR 18.8 million to export surplus stocks of skimmed milk powder \(SMP\).](#) GCMMF, the biggest milk cooperative in the country, had procured an additional 4-5 million litres of milk from producers during the lockdown period and converted it into SMP and white butter. But due to insufficient bulk demand, it now has SMP stocks of about 80,000 tonnes. SMP prices have seen a sharp decline from a peak of EUR 3.88 per kg before the lockdown in December 2019-January 2020 to about EUR 1.53 a kg in June. This will eventually hurt milk farmers as the dairies would cut down on milk procurement prices to avoid losses. GCCMF has sought export incentive from the State so that surplus SMP is shipped outside India to maintain domestic prices, which will in turn help keep farmers' income intact. India's annual SMP consumption is estimated at 5,00,000 tonnes against the production of 6,00,000 tonnes.

[GCMMF has also entered the edible oils business with the launch of Janmay brand in Gujarat](#) with the objective of providing stable and remunerative price to edible oilseed growers and helping the country become self-reliant in domestic edible oil production, as part of India's Self-Reliant movement. The dairy cooperative has the experience of marketing mustard oil and other oils under the *Dhara* brand in the 1990s and will leverage their 3.6 million milk producers who are also farmers and some of whom cultivate oil seeds like groundnut, cottonseed, mustard etc in Gujarat. *Janmay* oil range will include groundnut oil, cottonseed oil, sunflower oil, mustard oil and soya bean oil, which will be sold across 30,000 stores in one litre pouch, five litre jar and 15 kg tin packing.

[Leading fine dining restaurants are questioning the government directives on the ban on serving alcohol in restaurants and have asked the government officials to revisit the decision.](#) As the country started opening up in July after more than three months of lockdown, the government issued guidelines for restaurants to ensure social distancing, reduced seating capacity, and restrict serving alcohol. Since alcohol shops in the country had been allowed to open in May, government's decision to restrict serving alcohol in restaurants is being questioned as there seems to be neither a sanitary issue nor a moral issue.