

News Brief

July 11-17, 2020

Government Aid and Policies

[The Consumer Affairs Minister, Mr Ram Vilas Paswan, has recently said that State governments should strictly enforce the provision that requires companies and e-commerce players to display the 'country of origin' on all products.](#) Along with the 'Country of Origin', weight, expiry date, manufacturer's address, importers, common generic name, customer-care information, should be legible covering 40% of the packet area while ecommerce companies must mention it on their web portals failing to which there will penalties ranging from EUR 290 to EUR 1750 and imprisonment of one year on repeated violation.

[The government has issued guidelines and procedures for new classification and registration of MSMEs effective from July 1, 2020.](#) Following the announcement of the economic stimulus package of EUR 235 billion in May which included financial benefits for MSMEs, the government had notified in June that the registration of MSMEs will now be fully online, paperless and based on self-declaration. The notification also defined the criteria for classification of enterprises - a micro enterprise, where the investment in plant and machinery or equipment does not exceed EUR 116,000 and turnover does not exceed EUR 582,000; small enterprise, where the investment does not exceed EUR 1.16 million and turnover does not exceed EUR 5.82 million crore; and a medium enterprise, where the investment does not exceed EUR 5.82 million and turnover does not exceed EUR 29 million.

[The Agriculture Ministry issued guidelines for new 10,000 Farmer Producer Organisations \(FPOs\), announced as part of the EUR 235 billion economic stimulus package.](#) The FPOs will be given a maximum of EUR 20,948 in the formative years, apart from an equity grant of up to EUR 17,456 and a kitty for meeting administrative expenses. The government will set aside EUR 523 million for the formation and promotion of these 10,000 FPOs. They will also be financially supported for another five years till 2027-28 with an additional commitment of EUR 275 million. Each FPO, barring those in hilly areas and North-Eastern States, should have a minimum of 300 farmer members and 50 % of them should be small, marginal and landless tenant farmers with maximum possible representation from women farmers. Such minimum membership requirement was absent in earlier FPO schemes.

[Federation of Association of Maharashtra \(FAM\), one of the largest organised bodies of traders, merchants and entrepreneurs in the country, has written to the Agriculture Ministry asking for a new policy which will promote non-basmati rice in the export market.](#) FAM has said that although basmati exports are being continued at the same level but non-basmati rice exports have gone down from 7.5 million tonnes in 2018-19 to 5.0 million tonnes in 2019-20. Indian farmers are losing the African and European markets to the cheaper Chinese and Vietnamese varieties. FAM has suggested that the government should promote non-basmati varieties such as *Ambemohar*, *Sona masoori* and *Indrayani* through exhibitions and should also increase the acreage under these varieties.

Food Safety

[The Food Safety and Standards Authority of India \(FSSAI\) has released FAQs on milk standards for food businesses.](#) It follows the amendments made to Milk Standards in the Food Safety and Standards (Food Products Standards and Food Additives), which was notified in December last year and came into force from 1st July. The FAQs clarifies several points like non-dairy ingredients like soya are not allowed as raw material or as ingredients in the manufacturing of milk and milk products. However, use of some specific non-dairy ingredients is allowed in the manufacture of composite milk products like flavoured milk, flavoured fermented milk, fermented milk drinks, ice cream and shrikhand. It also clarifies that since there are not any regulations specifying the differentiation of the milk based on type like A1 or A2, therefore there is no obligation for the FBOs to declare it. However, the FBOs need to specify the milk whether it is mixed milk from different species.

Monsoon and its impact

[Heavy rains have destroyed tomato crop in some parts of the country, leading to an increase in its price to Rs 40-50 a kg in Delhi and Mumbai's wholesale markets.](#) There has also been drop in supply of tomato from Himachal Pradesh and Karnataka as farmers have planted less area under the crop as the prices had crashed to a low of Rs 1-2 per kg in May and they had suffered losses. The prices of vegetables like capsicum, cucumber, cauliflower, French beans, green peas have also risen 25%-30% in the past month as crops have been destroyed due to heavy rains. Fuel price hike has also contributed to the vegetable prices increase as transporters have increased their rates which are being reflected in vegetable prices.

[The tea planters in Assam and Bengal are expecting over 20% production loss, around 30 Million kgs, due to excessive rainfall in the tea belt of the two states.](#) This comes after the industry has already seen losses of around 150 million kg due to the confinement from March to June. July to October is the peak production season that gives 51% of the annual output. Heavy rains will not only lower the production this year but will also have an impact on the health of tea bushes, leading to long term losses.

Covid-19 Impact

[Dairy and poultry farmers are suffering as procurement of milk and eggs for mid-day meals for children has stopped due to the closure of the schools owing to the pandemic.](#) The mid-day meal (MDM) scheme is a central government sponsored scheme which aims to provide food to children up to the age of 14 in government schools. Several States provide additional nutritious foods like milk and eggs over and above the MDM food entitlement. For example, in Karnataka, government schools were consuming about 400 tonnes of cow milk per day. Along with the 300 tonnes by anganwadis (rural child care centres for kids under 6 yrs of age), the total off take of 700 tonnes per day accounted for almost a tenth of the Karnataka Cooperative Milk Producers' Federation (KMF) dairy unions' average daily procurement of 7561 tonnes in 2019-20. With the fall in sales, the milk unions have accumulated huge stocks of milk powder. Several States also provide eggs in their mid-day meals and procure around 20 million eggs daily, which is 7-8% of the country's 250 million per day production. The shutdown of schools has led to 70% of the 2 crore eggs per day MDM market being lost and poultry farmers, too, have cut down daily production to 20 crore eggs.

[Sporadic shutdowns across many states due to rising coronavirus cases have pushed up retail fish and chicken prices by 10%-20%.](#) Retailers are not able to come to the wholesale markets to purchase the products and sell them in local markets. While consumer demand for fish and chicken has gone up, pushing up prices. Mutton prices have also gone up as there is a supply crunch due to spread of coronavirus in certain pockets of Maharashtra, where the movement has been restricted.

[The sales of ready-to-cook foods segment have risen considerably in the last three months in India as people are staying in and cooking more at home.](#) According to RedSeer Consulting and Research, there has been a 61% rise in consumer spending on home cooking. From April till June, fresh packaged food brand *iD Fresh Food* has seen paratha (a type of Indian bread) sales rise by 60% compared with the previous quarter, while sale of ready-to-cook kebabs, marinated meat and seafood have doubled for the meat products brand Licious. Gujarat Cooperative Milk Marketing Federation (GCMMF), which owns the Amul brand, has also seen an increase in sales of its packaged sweetmeats. According to GCCMF, the bulk of this demand is from smaller towns where people traditionally steered away from packaged fresh food and chose to cook at home or dine out. [Another trend that has emerged is the higher adoption of larger packs in the home snacking categories](#) given that out-of-home food and beverage consumption has become almost negligible.

Trade

[Edible oil exports from India have seen a sharp rise, from 52,490 tonnes of edible oils in 2018-19 to 80,765 tonnes in 2019-20.](#) The country earned EUR 111 million during 2019-20 from the exports compared to EUR 73 million in the previous year. The rise in exports is seen as a big boost to oilseed growers as it brightens the prospects for better remuneration for their oilseed crops. Major oils exported are groundnut oil, rice bran oil and also small quantity of sesame oil, sunflower oil, mustard oil and soyabean oil. China is a major buyer of India's groundnut oil, while rice bran oil is imported by the US, Japan, Malaysia and Thailand.

[The government has amended the import policy for power tillers and its components, and has placed their imports from free to restricted category.](#) Power tiller is an agricultural-machinery used for soil preparation. An import license will be required in order to import goods and only manufacturers will be eligible for applying for this license. Moreover, the applicant would need to have satisfactory infrastructure for training, post sales service and spare parts and should have been in the business for at least three years and should have sold a minimum of 100 power tillers in the last three years. The cumulative value of authorisation issued to any company in a year would not be exceeding 10% of the value of power tillers and their components imported during the past year (2019-20) by that company.

Other News

[Cotton traders and industry members are worried as the domestic cotton prices in India are 16% below the international rates and may fall further due to weak demand and increased sowing this season.](#) This will make it difficult for India to export cotton. Industry associations have alleged that the United States Agriculture Department's (USDA) excessively high estimates of carry over stock in the country have

increased the pressure on Indian cotton prices. According to their estimates, India should have about 200 lakh bales (1 bale of 170 kg) as on September 30, 2020. However, Cotton Corporation of India (CCI) and Cotton Advisory Board (CAB) have estimated around 50 lakh bales. The industry wants the government to look into the matter and ask USDA to take cotton production and cotton consumption and stock figures estimates from CAB. It has also asked the government to extend a special package for increasing cotton consumption in the country to support the price.

[Federation of Indian Chambers of Commerce and Industry \(FICCI\) is organising a virtual interactive session on Development of Indian Dairy Sector Post-Covid-19 Scenario on July 23, 2020](#), at 15:00 IST.

The session will bring together key stakeholders to discuss the impact of the pandemic on the Indian dairy industry, potential Implications of financial incentives & reforms under *Atmanirbhar Bharat Abhiyan (Self-reliant India)*, emerging business opportunities in the sector and the status of dairy feed industry.