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Indian Agriculture and Food Industry

Bakery Industry Performance and Growth – 2019

Food and Beverage News, Jan 2, 2020

Characterised by creativity, presentation, novelty and reviviscence with each passing day; the bakery segment of food industry in India has stretched itself to the topgallant; in terms of business growth, its ameliorating quality and acceptability.

The bakery industry has been welcomed with open heart by consumers as well as industrialists, which thereby resulted in widespread growth and flourishing business of this segment of food industry.

Bakery, a crucial segment of food processing industry, is one of the oldest and traditional activities in India. The bakery products are widely accepted for enhanced nutrient value and also for range of affordability. The eating trends of Indian citizens have experienced heavy fluctuation and this along with **foreign impact and emergence of large section of female working population have all contributed to the rapid rise in bakery products demand**, which resulted significantly for bakery industry growth trajectory in India.

Consumers have been **demanding newer options in bakery products** and this demand is pacified by industry fortifying bakery products with the intention to satiate the rapidly increasing appetite of consumer aware with health concepts and nutritive value.

Bakery industry has launched various healthy products and this has been enlisting cumbersome popularity at intense level. The involvement of big business houses in bakery chain has further caused tremendous growth in the sector.

Growth rate in India
As per recent data available, it is believed that **Indian cake industry would reach the market capital of around US$882 million by year 2024, with the CAGR of 12.5% during the forecast period 2019-2024**. The **Indian bakery market touched the huge value of US$7.22 billion in 2018 and is expected to reach US$12 billion by 2024** with **CAGR of 9.3%** during 2019-2024. (Source: imarc)

In the world of processed food industry, bakery has been the largest section and in that **bread and biscuits comprises of around 82% of the entire bakery business** all across the country. The business of **biscuit manufacturing** is so magnanimous in India that it is **third-largest only after the United States and China**. In simple terms, bakery segment can be clearly classified **into three chief products: bread, biscuits and cakes**.

Bakery business is also classified as **organised sector comprising big firms producing bakery products and unorganised sector comprising small-scale industry**. Both the organised and unorganised sectors are heavily dependent on hygiene factor and it is flourishing on this very aspect. With the entry of few big fish in the market producing bakery products in India, the Indian consumers have been switching their taste preference and liking as well. The mushrooming of new bakery cafe chains like Barista, Cafe Coffee Day and Monginis; the demand for premium cookies and few baked product is on the rise gradually. The **organised sector in bakery industry contributes to 60% whereas unorganised sector contributes to 40% of the bakery industry in India**. **Organised sector in bakery industry comprises of around 2,000 small-scale bread manufacturers, 25-30 medium-scale manufacturing unit and two large-scale industries whereas the unorganised bread sector comprises around 75,000 to 85,000 bread bakers, mostly located in small towns**.

The chief players in bakery industry like **Britannia and Parle account for around 40% of the total business share of entire volume of branded biscuits** available in India. It is expected that the baked goods will maintain the growth by constant value at a Compounded Annual Growth Rate (CAGR) of almost 2% over the coming years.

Rapid growth and expansion of contemporary retail outlets have marked the market in urban areas of India. In recent years, India has witnessed **many international brands entering Indian market** in bakery industry with immense importance in industrial map of our country. Heavy revenue has been generated by bakery industry achieving **third position in processed food sector**.

In recent decade, **new sophisticated equipment has been the trend in bakery industry**. Not even bakery industry, but housewives have a great fascination for appropriate bakery equipment. Many have started keeping convection oven and Oven-Toaster-Griller (OTG) at their home places with the intent to bake certain easy to make and bake cookies. Pizza bases are purchased from the market and pizza is prepared and consumed at home. Few have started baking cakes as well for small events and treating guests with great gusto showcasing new flair for baking to the guest. This trend has added new dimension to the bakery industry.

Challenges for bakery industry in India
Apart from enormous growth, the other aspect of the same coin is that bakery industry has also been experiencing certain challenges and opportunities. The bakers have to face **fluctuating government regulations, demand-supply chain, and increase in price of few raw ingredients like refined flour** (chief ingredient of almost all bakery products).

Along with this, the **packaging norms for bakery products are not regularised**. Bakery products **do not have high shelf life** and hence this proves to be the biggest threat to all bakers. The chances of bakery product getting worst in quality seem to be a big probability due to this character. The **rising cost of operational functionality** is also a major challenge to all bakery segments and poses a big challenge.

The customers of any food products have been highly aware nowadays and they want the nutritional value to be mentioned on the packet of every bakery product. This comes as a big threat to the unorganised sector of bakery industry. They cannot mention the nutritive value to the preciseness and they have their own limitations.

Thus, it can be concluded that the world of bakery industry in India has endless scope for growth and India will undoubtedly experience enormous growth in recent upcoming years. This will prove beneficial to both the consumer and manufacturer. Consumers will have extraordinary bakery variant products whereas bakery manufacturer will have bigger-getting market. With certainty, bakery industry in India will overcome all challenges and threats; and will flourish with gigantic growth all across the globe.

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Government Policies and Initiatives

Govt to spend ₹20 cr to make indigenous food testing kits

Live Mint, January 1, 2020

The Food Safety and Standards Authority of India (FSSAI) will **invest over ₹20 crore in developing indigenous food testing kits.**

FSSAI has approved 30 rapid food testing kits and devices under the recently finalized regulations, which aim to strengthen the food testing ecosystem in the country. However, **only two out of the 30 kits and devices are indigenously manufactured**, though many research and scientific institutions in India are engaged in the development of such kits and devices.

“FSSAI has initiated steps so that indigenously developed kits and devices are validated and approved under the FSSAI regulations on a fast-track basis. We will spend more than **₹20 crore and procure rapid food testing kits and devices**," said Pawan Agarwal, chief executive officer, FSSAI.

“There is a **market potential of ₹1,000 crore for such kits and devices** in India alone. Once such kits and devices are widely used for regulatory purposes, the food industry will also begin to use them for internal quality assurance and quality control," he added.

FSSAI has started providing these kits to states for use by field officers to get **quicker and validated results for tests on different food products such as milk and edible oils.** States could also buy such kits and devices from the Government e-Marketplace (GeM) portal to make them widely available with enforcement officials.

“The devices ensuring faster, better, and cheaper real-time testing of food will soon become an integral part of quality assurance and quality control programmes in the food industry, and also for regulatory and surveillance in 2020," said Agarwal.

“**Steps have been initiated to make these available on the GeM portal so that further procurement can be made by governments and local bodies on their own. FSSAI has invested more than ₹5 crore on this so far**," said Agarwal.

At least 10 states in India are not equipped to ensure food safety, because of scarcity of staff and food testing laboratory infrastructure, FSSAI said.

Chhattisgarh, Himachal Pradesh, Karnataka, Assam, Jharkhand, Odisha, Rajasthan, West Bengal, Telengana and Uttarakhand are the worst performing states on food safety, according to FSSAI.

Food processing industry seeks 20% export sop

The high taxes on branded food products has led to an increase sale of food in loose form which is unsafe and unhealthy. This has also reduced consumption of packaged food, said Jindal. The association has also recommended that new units be provided with a five-year tax holiday irrespective of the location of the unit.

Agro and Food Processing, Jan 1, 2020

The food processing industry has asked the government to **give an export incentive of 20%** under the Remission of Duties or Taxes on Export Product **(RoDTEP) scheme**. It has also **asked for the rationalization of the Goods and Services Tax (GST) on processed fruits, vegetables and essential daily-need food products** to save wastage of agri-produce.

"The food industry is under severe economic pressure owing to uncertainties, perishability of food products and sudden price spikes in agri commodities. To increase the processing level of fruits and vegetables from the current 10% to 80% as in many developed countries and boost export, the news scheme – RoDTEP – should be introduced urgently as exports are losing viability," said All India Food Processors' Association president Subodh Jindal.

He said that they have also requested the government that the new scheme should provide benefits similar to the Merchandise Exports from India Scheme (MEIS) scheme at 20% and not reduce the incentive on exports.

Jindal said that this will strengthen the farm economy and realize the objectives of doubling farmers' income and the Make in India policy.

With rising food prices causing substantial negative socioeconomic effect and political unrest, Jindal said that there was a need to lower the GST. "It is an accepted global practice that food products are either exempt from tax or chargeable at a minimal rate. We have **asked the government to keep pulps of fruits, vegetables and preserved fruits in salt at 0% GST**. **Similarly, duties of daily need food products from pickles, juices, butter, biscuits should be placed at 5% GST from the current 12-18%,"** he said adding that consumption in the country has to be increased to benefit farmers.

The high taxes on branded food products has led to an increase sale of food in loose form which is unsafe and unhealthy. This has also reduced consumption of packaged food, said Jindal.

The association has also **recommended that new units be provided with a five-year tax holiday** irrespective of the location of the unit.

"The industry plays an important role in saving perishable agri produce and provides value addition. A tax holiday will ensure that entrepreneurs can set up units at their locations and do not have to trans-locate themselves to distant places which incurs high overheads and logistics expenses," said Jindal.

FSSAI extends implementation of labelling provisions for frozen desserts

Food and Beverage News, Jan 4, 2020

FSSAI has **extended the implementation of the labelling provisions for the products covered under the frozen dessert or confection category**. The decision was taken by the apex food regulator, as the matter related to the nomenclature of frozen dessert was under review.

The regulator's order stated that representations have been received from a section of stakeholders requesting for further extension of time for compliance of Food Safety and Standards (Food Product Standards and Food

Additives) 13th Amendment Regulations of 2017 related to frozen dessert, as the issue of nomenclature was still under review in FSSAI.

And there would be a **stay on these regulations until a final outcome was reached** through review.

"After due consideration of the fact that the issue of nomenclature of frozen dessert is still under review in FSSAI, it has been decided to further **extend the timeline for compliance of the labelling requirement for frozen desserts or confections** with added vegetable oil/fat and/or vegetable protein as per [Clause 6(c) of Sub-regulation 2.1.15]() of the amended regulation till the final decision of FSSAI on the nomenclature of frozen dessert," the order read.

The order added that however the food business operators are required to comply with all other standards/labelling provisions specified for the said products under these regulations.

It is pertinent to mention here that the ice cream manufacturers have raised objections on the nomenclature frozen dessert and have sent a petition to FSSAI for a review. The regulator has decided to constitute an expert group to further review of the subject.

Meanwhile, the timeline for compliance of these regulations was given till January 1, 2019. It got extended to July 1, 2019, and the current deadline ended on January 1, 2020.

Green nods waived for distilleries planning to hike ethanol production

The decision will enable sugar mills to divert more raw material towards producing ethanol this season, helping them fight sugar supply glut and provide more ethanol for blending with petrol without having to wait for green clearances, which could have taken six months to a year and, in many cases, forced units to miss the opportunity of additional ethanol output this sugar year.

Economic Times, Jan 10, 2020

NEW DELHI: The environment ministry has decided to **waive green clearance requirements for distilleries planning to produce up to 50% more ethanol than their nameplate capacity** without increasing pollution.

The decision will **enable sugar mills to divert more raw material towards producing ethanol** this season, **helping them fight sugar supply glut and provide more ethanol for blending with petrol without having to wait for green clearances**, which could have taken six months to a year and, in many cases, forced units to miss the opportunity of additional ethanol output this sugar year.

"I'm happy that sugar industry is responding positively to the initiative of central government to encourage ethanol blending as it provides opportunity to diversify and also aids in increasing farmers' income," environment minister Prakash Javadekar told ET. "This decision has been taken in view of ensuring 'ease of doing business'."

The country's sugar industry is facing a glut this season, **prompting the government to enhance sugar export subsidy** and **permit mills to use sugar, sugarcane juice and B-heavy molasses to produce ethanol**, which oil marketing companies can buy. Mills could earlier use only C-molasses, which contain comparatively less sugar.

With the use of sugarcane juice and B-heavy molasses, the distilleries are able to produce more ethanol with the same quantum of raw material. But a production that's higher than the nameplate capacity created a new challenge for mills – the need for a new green clearance.

For capacity expansion, distilleries must obtain environment clearances, which involve public hearing and environment impact assessment and can take up to a year. By waiving off such requirements, the government is aiming to make it easier for industry without hurting the environment.

"**Distilleries are not adding any new machinery and equipment. By just switching to richer raw material like**

sugar cane juice and B-heavy molasses, the same distillery is able to produce more ethanol," said Avinash Verma, director general of Indian Sugar Mills Association (ISMA), which had been urging the government to waive green clearances requirements.

"The effluent produced in the process is the same or less, and so **there is no incremental impact on environment**," said Verma, adding that if there was no additional pollution, then there should be no need to seek a new green clearance.

Mandatory green clearance could have meant distilleries would miss the opportunity to produce more ethanol this year and, therefore, the chance to meet the **target of supplying 1.63 billion litres of ethanol to oil marketing companies**. About **40% of the total is to be produced using B-heavy molasses and sugar cane juice**, Verma said.

"If we have to use sugarcane juice for ethanol, we have to do it only in the crushing season, as the juice can't be preserved for more than a day. The crushing season will end by February in Maharashtra and April in Uttar Pradesh," he said.

Government to roll out new guidelines for silos

This will help the government deal with the storage problem of food grains as silos require 30% less land as compared to conventional warehouses, and can run round the clock, making them more efficient.

Economic Times, January 13, 2020

NEW DELHI: The government is **planning to roll out new guidelines for construction of silos by doing away with the mandatory requirement of having railway connectivity next to the storehouses**, government officials said.

This will **help the government deal with the storage problem of food grains** as silos require 30% less land as compared to conventional warehouses, and can run round the clock, making them more efficient.

The new model will also incorporate the 'hub-and-spoke' system in which **various silos will be connected by road to a mother silo, which will have the rail connectivity**. These **steel silos will be fully automated**, prolonging the rake life of grains. The new model will also **facilitate the construction of standalone silos**.

"We are ready with the new model and it will be implemented soon. This relaxation will speed up the construction of silos," a senior food ministry official directly involved in the development said.

The government will initially work upon creating storage capacity of 10 million tonnes, which it had planned in 2018.

"Around **12.5 lakh tonnes of silos have already been created in the existing model**. Now, we will first float **tender for the remaining capacity under the public-private partnership (PPP) model for a 30-year lease period**. We can have more capacity installed as per the requirement of Food Corporation of India (FCI)," the official said.

The official said FCI was finding it difficult to locate land connected with railway lines for construction of silos. This has delayed their construction.

"We had engaged engineering consultancy company RITES, which specializes in transport infrastructure, to suggest ways to transport food grains from silos without railway connectivity," the official said.

The standalone silos will get the status of mandis also, so that farmers can sell their produce in the silo and the grains can directly be transported through roads to places with good road connectivity.

"If the food grains have to be transported through rail, grains from silos will be first offloaded to the mother silo and then they can be transported through specialized rail wagons," the official said.

Government drafting national fisheries policy with Rs 45,000 crore budget

Business Line, January 15, 2020

The government is **drafting first national fisheries policy with a budget of Rs 45,000 crore for next five years** to **promote marine fishery, acquaculture and mariculture**, official sources said.

The **only existing policy is on marine fisheries** from which the **production stands at 4.3 million tonnes annually, but there is no policy on inland fisheries that produces the rest 23 million tonnes.**

The newly carved out Fisheries Ministry is working on an overarching policy that would cover all aspects of the fishery sector, the sources said.

"The fishery sector never had a policy. Now, a new policy is being made. **It will focus on promoting marine, acquaculture and mariculture besides addressing the traceability issues. It will cover both catch and capture fishing,"** an official source told PTI.

The draft policy will soon be placed before the Cabinet for approval. A budget of Rs 45,000 crore would be required for next five years for implementing the policy, the source added.

Basically, a policy is a statement of intent of the government. To execute a policy, certain legislation and regulations either in the form of Act or executive order are required. And schemes are framed to give monetary support. The schemes stay for only 5-10 years, but a policy lasts for longer period.

At present, **two fishery schemes are being implemented**. One is **Fishery Infrastructure Development Fund**, which is a **five year scheme**. The other one is **fishery development scheme funded partially by the World Bank**. It is for **eight years**.

The third scheme '**Pradhan Mantri Matsya Sampada Yojana**' which was **announced in July 2019 Budget is yet to get the cabinet approval**. It **aims to boost fish and aquatic products through appropriate policy, marketing and infrastructure support**.

International Trade and Cooperation

Seafood exports to China grow 42 per cent

Besides insufficient production, a rise in direct imports by China after its stricter monitoring of illegal border trade with Vietnam has also contributed to growth in its seafood imports.

Economic Times, Dec 29, 2019

KOCHI: **China has emerged as a prominent buyer of Indian seafood**, particularly the shrimp, in 2019 with export to the country registering the **highest growth of about 42%.**

Indian seafood export to China reached $1 billion in January-November 2019, according to Marine Products Export Development Authority (MPEDA).

In the same period of the previous year it was around $700 million.

China is importing more to bridge the gap between rising demand and inadequate supply. "**Aquaculture shrimp production in the country is not enough to meet its rising consumption**. With Chinese New Year approaching by the end of January, higher shrimp import is likely to continue,'' said Anwar Hashim, MD of Abad Fisheries. China is the largest producer of the shrimp with an output of 1 million tonnes, bulk of which is internally consumed in the country.

Besides insufficient production, a rise in direct imports by China after its stricter monitoring of illegal border trade with Vietnam has also contributed to growth in its seafood imports. Exporters further reckon that **a fall in pork production may have led to increased consumption of fish and other meat**.

China had lowered tariff on many seafood items last year to encourage import and feed rising consumption.

China's rise may help **check India's over dependence on the US**, currently the top buyer of Indian seafood with **around 33% share of the annual Indian seafood export worth over Rs 46,500 crore.**

In comparison, **China's share is just 15%.** But in terms of export growth at 42% China is far ahead of the US (13%) in 2019. Besides, exporters said, the US shrimp prices have also remained below par during most of the year.

Exporters have raised concern on the tighter quality norms by China in the last couple of months.

Tightening of regulation in the US and EU markets has severely impacted Indian shrimp exports, says Drip Capital

In terms of the export market, the US is the largest market for Indian shrimp while China and Vietnam are the largest importers of Indian frozen fish and mollusks, respectively. Together, these three countries make up about 50-60% of India's marine export market.

Economic Times, Jan 8, 2020

New Delhi: **Stringent quality check by US and EU markets and increasing competition from other markets offering high-quality, value-added products was likely to impact Indian marine exports**, says US-based trade finance company Drip Capital. Shrimp, frozen fish, and mollusks are major export commodities, with shrimp contributing 71% of India's total marine export shipments.

In terms of the export market, the **US is the largest market for Indian shrimp while China and Vietnam are the largest importers of Indian frozen fish and mollusks**, respectively. Together, these **three countries make up about 50-60% of India's marine export market.** However, with the tightening of regulations by the US Food and Drug Administration (FDA) and the National Oceanic & Atmospheric Administration (NOAA), Indian shrimp exporters are now sailing amid choppy waters, says the report.

However, amid the US-China trade war, China is also opening as a potential market for Indian marine exporters. This could also translate into further growth possibilities for Indian marine exports in East Asia, adds the report.

Pushkar Mukewar, co-founder and co-CEO, Drip Capital says, "**Indian shrimp exports to the US face stringent quality checks and scanning along with a hike in anti-dumping duty to 2.34% from 0.84% in 2018, which has had a negative effect on the shipment volumes**." Other factors impacting Indian marine exports include a change in consumer preferences and an **increase in quality consciousness in traditional markets for marine exports like the EU.** This has led to the implementation of tougher norms in these regions, which has further **increased the pressure on Indian exporters**.

"Quality concerns from buyer markets, particularly in the West, are going to remain a big challenge for Indian farmers who face increasing competition from other markets offering high-quality, value-added products. Further, while Indian marine exports have long relied only on Vannamei shrimp. Over-reliance on exporting one specific product is unlikely to be a sustainable long-term strategy," Mukewar added.

According to the Directorate-General of Foreign Trade (DGFT), India **exported nearly $6.3 billion** (around Rs. 45,000 crores) worth of marine products in **FY2019**. The sector reported a **CAGR of 13% between FY2010 to FY2019.** However, it **declined by 9% from FY2018 to FY2019 (in shipment value terms), even though shipments grew 18% in volume terms over this period.**

Andhra Pradesh is the top marine exporting state in the country with an impressive CAGR of 15%, followed by Gujarat and West Bengal with almost a CAGR of 10%, roughly at par with the country's overall growth. Other contributing states are Kerala and Maharashtra.

TCPI: Make labs accountable for rejection of food exports by US, EU

Business Line, Jan 4, 2020

Rejection of consignments of food exports from India to the US and the EU, especially that of basmati rice, marine products, spices and fruits and vegetables, on grounds of contamination, continued to be high in 2019, although there was a decline compared to the previous year.

EU countries issued border rejection notifications for 147 consignments of food items from India in 2019, a tad less than the previous year's rejection of 168, while the **US rejected a total of 1,674 consignments compared to 1,939 rejections the year before**, according to data from the the European Commission's Rapid Alert System for Food and Feed (RASFF) and USFDA.

Stressing quality

"**Fixing accountability of testing labs by imposing penalties for rejections and creating a national portal of labs that test pre-export shipments, could help minimise the problem of rejection**," according to Mohit Singla, Chairman, Trade Promotion Council of India (TPCI), a trade and investment promotion organisation notified in the Foreign Trade Policy.

The national portal should provide for audit of manufacturing processes, document checks and assessments of conformity with the requirements of applicable technical regulations and standards.

Five-pronged strategy

This is part of a five-pronged strategy, shared by the TPCI with the Commerce Ministry, to boost agriculture exports to $100 billion annually. **It proposed a 100 per cent pre-export certification, increasing customer base, branding, strengthening last mile connectivity for agri produce, and revamping SEZ policy for food exports.**

TPCI is organising global food show IndusFood 2020 in Greater Noida from January 8 to promote India as a food export hub that would help in establishing the last mile connectivity to boost farm and agriculture income by linking it with global buyers.

About 1,300 foreign buyers from 80 countries and 700 domestic suppliers will participate in the three-day expo.

India adds checks to rice exports to European Union

The commerce and industry ministry on Thursday amended the export policy for Basmati and non-Basmati rice from 'free' to outbound shipments subject to certificates issued by Export Inspection Council (EIC).

Economic Times, Jan 9, 2020

NEW DELHI: India has tightened the inspection norms for rice exports to the European Union.

The commerce and industry ministry on Thursday **amended the export policy for Basmati and non-Basmati rice from 'free' to outbound shipments subject to certificates issued by Export Inspection Council (EIC)**.

"**Export to EU member states and European countries namely Liechtenstein, Norway and Switzerland permitted subject to issuance of certificate of inspection by EIC/Export Inspection Agency**," the ministry said in a notification.

India's rice export to Europe plunged around 40% in 2018-19 over the issue of maximum residue level (MRL) is pesticides and the market is likely to shrink further this year as rice samples have failed the mandatory testing.

“There have been pesticide issues with rice exports. So, these additional checks have been put in place,” said an official in the know of the details.

European Commission reduced maximum residues level for Tricyclazole to 0.01 parts per million (ppm) from 1 ppm for all crops in 2018. After 2018, the export of basmati from India to EU declined 38.35% and 9% in 2018-19 and 2019-20 (April-September) respectively, primarily due to the pesticide residue issue.

As per the notification, the certificate of inspection by export inspection agencies **will be mandatory for exports to remaining European countries with effect from July 1, 2020.**

However, the official said that **exporters are resisting the move as the additional checks would increase costs and add to documentation.**

EIC is the official export certification body of India which ensures quality and safety of products exported from India.

Import of wines, cars from EU may get cheaper

India has made a pitch after it decided to stay away from the RCEP agreement — the mega trade block comprising China, Japan, Korea, the Asean countries, Australia and New Zealand. After Brexit, India also proposes to push for a trade deal with the UK as it seeks greater market access for textiles and some farm products in European markets.

Economic Times, Dec 30, 2019

NEW DELHI: The government is **indicating flexibility in reducing import duties on wines & spirits and automobiles** as part of the long-pending free trade agreement (FTA) with the European Union (EU).

The two products were among a bunch of a set of contentious issues where India was unwilling to lower import duties a few years ago, resulting in a deadlock.

But efforts have begun to resume dialogue on the Broad-based Trade and Investment Agreement (BTIA) in recent months with Prime Minister Narendra Modi flagging the issue with German chancellor Angela Merkel. This was followed by commerce and industry minister Piyush Goyal following it up with Merkel and also writing to Phil Hogan, the new EU trade commissioner, sources told TOI.

Goyal has publicly spoken about India’s willingness to engage with the EU and even the US for a bilateral trade agreement.

India has made a pitch after it decided to stay away from the Regional Comprehensive Economic Partnership (RCEP) agreement — the mega trade block comprising China, Japan, Korea, the Asean countries, Australia and New Zealand.

After Brexit, India also proposes to push for a trade deal with the UK as it seeks greater market access for textiles and some farm products in European markets.

The **thinking in the government is that a section of Indian consumers is looking to access quality products such as wine and a trade deal, while making it cheaper, will also not impact domestic producers.** Similarly, **in case of automobiles, the government is open to allowing a certain number of vehicles at lower duties**, something that was discussed before talks collapsed six years ago.

At the same time, sources told TOI, the government **is unwilling to engage in “non-trade” issues such as labour and environmental standards or go for a significant dilution of the intellectual property rights regime**. These areas have proved to be a major sticking point in the past as EU is keen to negotiate to seek flexibility for its companies.

The BTIA has been in the pipeline since 2007, when negotiations began and were near conclusion in 2013 when talks collapsed over wines and spirits and auto duty cuts.

DGFT suspends licence to export cashew kernels against import of shelled ones

Move will help small and medium cashew processors, feels industry

Business Line, Jan 2, 2020

The Directorate General of Foreign Trade (DGFT) has issued a notice dated January 1, **suspending the ad hoc norms approved in July 2018 for the export of cashew kernels (whole and pieces) against the import of shelled cashew kernels.**

Terming it as a 'new year gift' by the government to the domestic cashew industry, Subraya Pai, President of the Karnataka Cashew Manufacturers' Association (KCMA), told BusinessLine that the DGFT's notice suspending the ad hoc input-output norm to import 'Broma' kernels (shelled and unpeeled) will help small and medium cashew processors to a great extent. (Broma is a process used in cashew processing).

Boost for SMEs

He said **some of the multinational cashew processors were misusing the ad hoc norm, and dumping the broken cashews (pieces) in the domestic market. Following this dumping, the prices of brokens came down by almost ₹200 a kg in the last few months.**

This **affected small and medium cashew processors in the country**, he said. Many of the industrial buyers stopped buying broken cashew from small and medium cashew processors as industrial buyers were getting it cheaper from multinational cashew processors.

There are around 3,000 cashew processing units in the country, employing around 10 lakh people in this sector, he said. A majority of them are small and medium enterprises providing jobs in rural areas, especially to women, in large numbers.

West African industry

Prakash Kalbavi, a cashew processor from Mangaluru, told BusinessLine that domestic market was exploited by some multinational processors using the loopholes, and they were dumping cheap quality kernels in India.

If the government had allowed the export of cashew kernels (whole and pieces) against the import of shelled cashew kernels, the cashew industry in India would have shifted to West Africa and thousands of women employees would have lost their jobs, he said, adding that it was more profitable to have one process of the manufacture done in Africa and the rest of it in India.

Gradually, cashew industry would have stabilised in Africa. India would lose out if this practice was allowed, he said. This step was essential to protect the future of the industry in India.

Subraya Pai thanked the government and said former Chairman of Cashew Export Promotion Council of India RK Boodesh and KCMA played a major role in bringing this issue to the notice of the government.

Govt puts restrictions on import of refined palm oil

This will help India encourage import of more crude oils, facilitating better utilisation of the refining capacity of the domestic industry.

Economic Times, Jan 8, 2020

New Delhi: The government on Wednesday put restrictions on import of refined palm oils. ET was the first to report in the edition dated November 27, that the government was planning to put refined palm oil under restricted category.

According to a notification of the Directorate General of Foreign Trade (DGFT), **"import policy" is amended from "free to restricted" for refined bleached deodorised palm oil refined bleached deodorised palmolein**.

Both refined and crude edible oils were under the free category of foreign trade, resulting an unrestricted inflow into the country. **Now refined palm oil can be imported only after obtaining an import licence while crude oils can continued to be shipped in on the basis of the import export code, without the requirement of any kind of licences.**

This will **help India encourage import of more crude oils, facilitating better utilisation of the refining capacity of the domestic industry.**

“The need to amend the existing trade policy has arisen as the duty on both crude and refined palm oil had been lowered from January 1, 2020.

The duties were down to 37.5% from 40% on crude palm oil and to 45% from 50% on refined palm oil, effecting a low differential of 7.5 percentage points between the import duty of crude and refined palm oil, making import of refined palm oil more lucrative.

According to the Solvent Extractors’ Association (SEA), a trade body, **the existing refining capacity in the country is around 30 million tonnes, but only 45% this is being utilised.**

“By putting refined edible oils in the restricted category, the import of crude oil will increase and **domestic refiners will get business and in turn jobs will also be created**. Currently, due to lower tariffs, refined oils are directly imported and packaged for selling in market,” SEA executive director BV Mehta said.

The **country imports around 15 million tonnes of edible oil a year, forking out Rs 70,000 crore.**

“Out of this, around **20% is refined oils** and the rest is crude. Now more crude oil will be imported,” Mehta said.

India imports only palm oil in both refined and crude forms while other edible oils like sunflower, soyabean and rapeseed are imported only in the crude form.