

## News Brief

June 27 – 3<sup>rd</sup> July

### Monsoon progress and Kharif sowing

[The southwest monsoon has progressed well, covering the entire country 10 days before schedule. So far, 30 of the 36 sub-divisions have received normal to excess rainfall](#), with only 6 subdivisions having received deficient rainfall. In terms of area covered, 84% of the country has received normal to excess rainfall. Central India, namely the states of Madhya Pradesh, Chhattisgarh and Maharashtra have received the most rainfall, 31% more than the Long Period Average (LPA). Northwest India received 4% surplus rainfall than normal and the rainfall in South peninsula stood at 8% above normal.

Total area sown under Kharif crops, as of 26th June, stood at 31.56 million hectares, a growth of 104% over the corresponding period last year owing to an early advance of the southwest monsoon, good level of water reservoirs and an early announcement of minimum support price (MSP) by the government. The area under oilseeds has gone up by six times, under pulses by up to three times. The area under rice, the main kharif crop, has increased by 34% and under coarse cereals, including bajra and maize, has gone up by almost 100%. The government has set a target of 149.92 million tonnes of food grain production in the current kharif season and 148.4 million tonnes in the rabi (winter sown) season, taking total food grains target to a record 298.3 million tonnes in the 2020-21 crop year.

### Locust Attack

According to the FAO bulletin on locusts dated 3<sup>rd</sup> July 2020, some of the swarms which had arrived earlier in India continued eastwards to northern states and a few groups have reached Nepal. [These swarms will return to Rajasthan in the coming days to join other swarms still arriving from Iran and Pakistan, which is expected to be supplemented by swarms from the Horn of Africa in about mid-July](#). Early breeding has already occurred along the Indo-Pakistan border where substantial hatching and band formation will take place in July that will cause the first-generation summer swarms to form in mid-August.

[So far, the damage to crops had been limited as the sowing for the summer season had not begun](#). The locust attack in the next few weeks may cause a lot more damage now that the sowing is halfway through. Ratings agency Crisil has said that agriculture sector is likely to grow at 2.5% in 2020-21, but locust attacks were a likely downside risk. Planting of kharif crops surged this year due to a favourable monsoon, and the government is expecting a record output. However, if the locusts are not controlled, farmers may face losses. Some experts have suggested that the government should designate locust attacks as a natural disaster which will enable farmers to claim insurance compensation.

Meanwhile, [the department of agriculture is looking for drones that can fly at night and stay airborne for extended periods of time to control the locust swarms](#). Locusts are mostly inactive after sunset so spraying with drones is supposed to be the most effective at night. Although there are just a dozen drones in operation and another dozen to be deployed, they have proved to be invaluable to the department for their ability to reach inaccessible areas like the top of the trees. [A Bell 206-B3 helicopter](#)

[with single pilot operation and a pesticide carrying capacity of 250 litres](#) has also been granted permission by the DGCA and Ministry of Civil Aviation for aerial spray in desert area. The government has given financial assistance of EUR 1.7 million for Rajasthan State and EUR 0.2 million for Gujarat for hiring of vehicles, tractors, for purchase of pesticides and other requirements for controlling locusts.

## **Government Policies and Initiatives**

[The Indian dairy industry is promoting the use of 'pashu ayurveda', or ethno-veterinary medicine \(EVM\), to help control animal diseases and decrease the chances of pathogens jumping from them to humans.](#)

The National Dairy Development Board (NDDB) is aggressively promoting its use after seeing success in a pilot project at Sabarkantha dairy in Gujarat which has been running for two years and has shown that about 80% of the animal diseases can be reduced significantly using EVM prepared by farmers using locally available ingredients. In May, the government had formed a committee to work on the OneHealth concept which is working to promote multi-sectoral, trans-disciplinary approaches to promote health. Promotion of EVM is part of the OneHealth concept, which recognises that the health of animals is closely linked with the health of humans. NDDB believes that the problem of antimicrobial resistance (AMR), which is a major concern due to indiscriminate use of antibiotics to treat animal diseases, can be resolved by finding alternative treatments like EVM.

[The government is going to digitize all its farm-oriented schemes by launching an Aadhaar-based database that will also map landholdings of beneficiaries.](#) In the first phase, database will have details of 50 million farmers from nine states. The satellite imaging of individual farm land could later be shared with farm technology companies for developing innovative solutions to increase productivity. This is being undertaken by the newly created Digital Agriculture Division in the Department of Agriculture and Farmers' welfare. The database will also help ensure direct benefit transfer (DBT) under various schemes in the bank accounts of authentic farmers.

[PM Formalization of Micro Food Processing Enterprises \(PM FME\) scheme announced as a part of Self Reliant India program has been launched by the Minister of Food Processing Industries, Mrs Badal.](#) The scheme will be implemented over a period of five years from 2020-21 to 2024-25 with an outlay of EUR 1.2 billion and will provide financial, technical and business support for upgradation of existing micro food processing enterprises. The scheme will generate total investment of EUR 4.2 billion and generate 900,000 skilled and semi-skilled jobs and benefit 800,000 units through access to information, training, better exposure and formalisation. The scheme adopts One District One Product (ODOP) approach where the states would identify food product for a district keeping in view the existing clusters and availability of raw material. Existing Individual micro food processing units can avail credit-linked capital subsidy at 35% of the eligible project cost for upgradation. Farmer Producer Organisations (FPO), Self Help Groups (SHG), and producer cooperatives would be provided credit linked grant of 35% for capital investment along the value chain and for development of common infrastructure. Moreover, NIFTEM and IIFPT, two academic and research institutions under MoFPI along with State Level Technical Institutions selected by the states would be provided support for training of units, product development, appropriate packaging and machinery for micro units.

[The government has extended PM Garib Kalyan Anna Yojana for another five months till the end of November.](#) Under this scheme, more than 800 million people are being provided 5 kg free wheat/rice

per month. Along with this, 1 kg free whole chana (gram) is also being provided to each family per month. The government will spend almost EUR 18 billion towards this scheme till November.

## Industry

The Manarcadu Social Service Society (MASS), a collective of more than 5,000 organic farmers across the southern state of Kerala and one of the largest producers and exporters of organic products in the country has indicated that [the domestic organic products market in India will be over EUR 236 million by 2021](#). MASS has launched an application Organicbizz, which will market its organic like pulses, coffee, spices, dry fruits and ready-to-eat products. Consumers will be able to find out the place of origin of the organic products using the QR code on the labels.

[India's marine fish production increased marginally by 2.1%, from 3.49 million tonnes in 2018 to 3.56 million tonnes in 2019](#). In terms of value, marine production based on price at landing centres across the country during 2019 was EUR 7.2 billion with 15.6% increase over 2018. Tamil Nadu (775,000 tonnes) replaced Gujarat (749,000 tonnes) as the biggest contributor and Kerala (544,000 tonnes) was the third biggest contributor to the marine fish production. Six out of the 8 cyclonic storms that hit India in 2019 were severe and adversely affected the fishing activity, especially on the west coast of the country. Remarkably, commercially unimportant red toothed trigger fish became the most landed resource at 274,000 tonnes. With low domestic demand, the fish is mostly caught for the purpose of feed mills. Indian mackerel, which was in the first spot in 2018, suffered the highest setback with its landings declining by 43% during the last year.

[The Indian nutraceuticals market is expected to grow from EUR 3.6 billion as estimated in 2017 to EUR 16 billion in 2025 according to an ASSOCHAM Knowledge Report](#). The domestic demand for nutraceuticals supplements is increasing with an increasing awareness of the benefits of these products among the urban population. Moreover, higher disposable incomes and the increasing focus on healthy foods has also led to a higher demand for supplements. While the Indian nutraceuticals market is attracting international players from the US, Europe and Japan for the potential it offers, some Indian players are also expanding their horizons and exploring avenues for exporting their products to the US and the Middle-Eastern countries. Although the nutraceuticals industry has been affected by the pandemic, there is a possibility that India could be the next big source for raw materials, ingredients as well as finished goods, as the Chinese market is experiencing a slump.

[Consumption growth in rural India is outpacing the rate of expansion in cities](#) and has already reached 85% of pre-Covid average sales supported by higher farm income, minimal retail disruption during the lockdown and migrant workers returning home. In comparison, urban market sales were relatively lower at 70% in May, according to Nielsen's latest data. In the next nine months, the overall fast-moving consumer goods (FMCG) segment is expected to grow at around 5% but rural will expand at double the rate of urban, reversing the trend of the past two years when slowing demand in the rural areas dragged the entire market down.

## Trade

[Indian spices exports to China have slowed down following the faceoff at the border between the two countries](#). China, a major buyer of Indian spices like cumin, chilli and oleoresins, had been importing large quantities of Indian spices after the relaxation of the lockdown measures there but the imports have gone down 10-20% over the last one week.

[The Directorate General of Foreign Trade \(DGFT\) will launch a new digital platform on July 13 catering to the services related to issuance of Import Export Code \(IEC\)](#), modification, amendment processes along with a Chatbot (a virtual assistant). The IEC is mandatory for companies and businesses to start a business that deals with import and export.

[Darjeeling tea planters have written to the customs department, Tea Board as well as the Food Safety & Standards Authority of India \(FSSAI\) to stop entry of Nepalese teas into India](#) without quality checks, alleging that these teas are being sold in the country as Darjeeling tea at lower prices, damaging the reputation and causing financial loss to the heritage Darjeeling tea and its farmers. It is difficult for customers to differentiate between Darjeeling and Nepalese teas as they look similar and do not have the country of origin marked on it. Darjeeling tea planters are especially worried this year as they have lost the export markets for first flush teas due to the outbreak of Covid-19 in Europe, where these teas are sold. Heavy rains have also curtailed tea production, which was down almost 60% year-on-year till May.

## Food Safety

The Food Safety and Standards Authority of India (FSSAI) has [further extended the grace period till July 31 for applying for renewal of licences/registration for those FBOs whose licences/registration are expiring in the period until July 31](#). Previously the grace period was given until June 30 for FBOs to renew their licences/registration which have expired or were about to expire during the period - March 22 to June 30.

[FSSAI has also announced that FBOs will not be penalized](#) if they are unable to maintain the mandatory six monthly testing of food products and records during the lockdown period. However, the FBOs will have to ensure the compliance within two months after lockdown is over.

FSSAI has [operationalized provisions related to alcohol-free beer and use of certain food colours in distilled spirituous beverages](#) in the draft Food Safety and Standards (Alcoholic Beverages) Amendment Regulations, 2020, and FSS (Food Product Standards and Additives) Amendment Regulations, 2020. Since the notification of the draft regulations could take time, FSSAI decided to operationalize these provisions.