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Press Review

1st to 15th November 2019 (sorted by date)

Government Policies and Initiatives

Agriculture Ministry told to prepare 'zero edible oil import' plan

India spends over Rs 70,000 crore to import about 15 MT edible oil to meet its annual requirement of 25 MT, making it one of the biggest buyers of the cooking medium. The need for a "zero edible oil import" plan was discussed by commerce minister...

The Economic Times, November 7, 2019

New Delhi: The **commerce ministry has asked the agriculture ministry to prepare a road map for India to attain self-sufficiency in edible oil production**. The need for a "zero edible oil import" plan was discussed by commerce minister Piyush Goyal at an inter-ministerial meeting on Tuesday.

India **spends over Rs 70,000 crore to import about 15 MT edible oil to meet its annual requirement of 25 MT**, making it one of the **biggest buyers** of the cooking medium.

"The aim is to help farmers and local industry, apart from reducing the current account deficit," said a senior commerce ministry official who was present at the meeting. “Finance minister Nirmala Sitharaman, while presenting the budget, had also urged farmers to make India self-sufficient in edible oil production. The government is taking serious steps for attaining this.”

The government has already constituted a **Group of Secretaries (GoS) for launching a nationwide oil seed mission to minimise oil imports**. It will be rolled out soon, the official said, adding that the government may **levy a 2-10% cess on import of crude and refined edible oil to fund the mission**.

“Earlier, a fund of Rs 10,000 crore was mooted to support this mission for five years. But, now, they (GoS) are looking at raising it through levying cess on industry,” the official said. The industry, however, wants the government to set aside a corpus from the revenue it earns from the duty on crude and refined edible oil imports.

States should dismantle APMCs, adopt eNAM for farmers' benefit: Nirmala Sitharaman

e-NAM is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities.

The Economic Times, November 12, 2019

Finance Minister Nirmala Sitharaman on Tuesday said **states are being cajoled to reject the Agricultural Produce Market Committees (APMCs) and adopt electronic National Agriculture Market (e-NAM)** so that **farmers get better price** for their produce. **e-NAM is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities**.

e-NAM has been promoted very much by the union government and many states have agreed also to take it up at their level, she said at an event organised by the National Bank for Agriculture and Rural Development (NABARD) here.

"Together with this we're also making sure that the states are cajoled to reject APMCs. It has served its purpose at one time there's no doubt. But today there are many difficulties associated with the agricultural produce market committee, which at every state level has become not so efficient in helping the farmers find better price points for their produce," she said.

"We are talking with states to sort of dismantle that and move towards e-NAM for farmers," she added.

So far, **21 e-NAM mandis of eight states namely Uttar Pradesh, Uttarakhand, Andhra Pradesh, Telangana, Rajasthan, Gujarat, Maharashtra and Madhya Pradesh had joined hands to start inter-state trade on e-NAM**.

As many as 136 inter-state transactions and 14 commodities which include vegetables, pulses, cereals, oilseeds, spices etc, have been traded under inter-state trade through e-NAM platform in a short span of time.

Initially started with 25 commodities, e-trade facilities have been provided on 124 commodities with tradable parameters on e-NAM portal.

Through inter-state trade, farmers get **better market access, more buyers/ traders and realise better prices** for their produce.

The union finance minister also said that she had in the Budget announced **formation of 10,000 Farmer Producer Organisations (FPOs)** so that farmers have easy access to institutional finance.

FPOs are largely those cluster or **groups of farmers who are being brought together so that credit and other assistance can be extended to them** and their marketing issues are also addressed with a clear objective of making the produce earn the money that it should be, she added.

Sitharaman said the government is looking at acknowledging a more than proportionate dependence on rural life and agriculture and further emphasised the **immediate need for taking up water management and water-**

related stress points.

She emphasised that t**here is a need for the farmers contributing in solar energy generation, participation in wind energy, installing solar panels in his farms**, etc and also to become an Urjadaata from Annadata.

Speaking on the occasion, NABARD chairman said India provides USD 200 billion agriculture credit every year to small and marginal farmers.

There will be a huge traction when the farmers will anchor the value chain, which in turn will augment the value chain funding, he said, adding that these inclusive measures aided by technology interventions would bolster financial inclusion and rural financing efforts.

Bhanwala also announced that NABARD's largest SHG-Bank Linkage Programme benefiting millions of rural women will soon.

Government extends moratorium on soft loan to sugar mills by 6 months

Business Line, November 13, 2019

As the **Rs 15,000 crore soft loan scheme for sugar mills is moving slowly**, the government has extended the moratorium period for repayments by six more months, according to sources. Now, the **moratorium period is one-and-a-half years**.

A moratorium period is a time during the loan term when the borrower is not required to make any repayment.

The Centre had announced the loan package in two tranches — first in June 2018 amounting to Rs 4,440 crore and the other in March 2019 of Rs 10,540 crore. The **objective was to help millers in clearing cane arrears, and divert surplus sugar for ethanol manufacturing.** A soft loan is a loan that is given at a subsidised interest rate.

“When the soft loan scheme was launched to augment ethanol production in the country, one year moratorium was provided. This has now been extended to 1.5 years in the interest of sugar mills and farmers,” a highly placed source said. “A notification in this regard will be issued soon,” the source added.

‘Scheme is not take off’

Of 418 applications for the loan, the Food Ministry has found 282 eligible. Of this, **114 applications have been cleared for loans amounting to Rs 6,139.08 crore, as per official data. However, banks have sanctioned the loan to 45 applicants and disbursed Rs 900 crore to 33 applicants till September-end**, the data showed.

The soft loan package is being implemented by the Food Ministry, which provides a list of eligible loan applicants to banks for further process.

According to industry experts, **only 5-6 per cent of the total soft loan amount** of Rs 15,000 crore announced under the scheme has been **disbursed so far** by banks.

The sugar industry is of the view that **much of the time is being wasted in the first screening at the ministry level. Ideally, banks should check the eligibility criteria and sanction the loan amount** accordingly.

“In this process, the scheme has not been able to take off properly. The scheme was launched in June 2018, and still the Ministry is screening the applications. At this pace, mills may not benefit from the scheme. It takes at least 18 months to establish an ethanol unit,” another industry official said.

Making ethanol

At present, **3-4 lakh tonne of sugar gets diverted for ethanol making**. **With creation of additional capacity under the scheme, 9-10 lakh tonne of sugar is expected to be diverted for ethanol production**.

Sugar mills have supplied 175 crore litres of ethanol to oil marketing companies (OMCs) till October 22 of the 2018-19 season (October-September) and helped them achieve 5.2 per cent blending with petrol, as per industry data.

The **soft loan was announced to improve liquidity of mills, reduce sugar inventory and facilitate timely clearance of cane dues of farmers.** However, cane arrear still remains high at Rs 9,000 crore so far this year based on the sugarcane price fixed by both the Centre and states, as per the ministry data.

There is a sugar glut in India, the world's second largest sugar producer after Brazil. The country had produced **32.5 million tonne and 33.1 million tonne in 2017-18 and 2018-19 seasons (October-September), respectively, much higher than the domestic consumption of 25 million tonne**.

International Trade and Cooperation

Indian government not to sign the RCEP pact

Agro and Food Processing, November 5, 2019

The **Indian government did not sign the Regional Comprehensive Economic Partnership or RCEP as it feared that the farmers and trader would not be able to compete with China, Australia and New Zealand**. In fact everyone in India was so wary of it.

RCEP is a free trade agreement originally devised to consist of **16 countries across the Asia-Pacific region**. The **pact looks to drop tariffs and duties between the members so that goods and services can flow freely** between them.

At the RCEP's administrative core is ASEAN: an intergovernmental grouping of 10 Southeast Asian countries – Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. It was proposed that the ASEAN bloc will be joined with six dialogue partners: China, Japan, India, South Korea, Australia and New Zealand.

RCEP sought to change the game. With its original 16-country composition, it would have been the world's largest trading bloc with half the world's population and around a third of global GDP.

While the RCEP is administratively built around ASEAN, the main mover is actually China. It was pushed by Beijing starting 2012 in order to counter another free trade agreement that was in the works at the time: the Trans Pacific Partnership.

While free trade is good for China, it could end up being bad for India. And many traders in Indians fear that once import barriers are demolished**, its industries would be unable to compete with China** and Chinese goods would flood Indian markets.

This is not a groundless fear. More than two-thirds of the total value of trade between India and China consists of Chinese exports to India. To make matters worse, much of what India exports is raw, unprocessed material such as cotton yarn and iron ore, which add little value to India's domestic economy. On the other hand, China exports high value goods such as electronic devices and electrical equipment.

But it's not only industrialists. **India's farmers were worried too** given that they also would be unable to compete on a global scale. Particularly worried is the milk sector. **A huge source of income for crores of farmers, India's milk industry would struggle to compete** if forced to face off against the highly developed dairy industry of New Zealand and Australia.

To make matters worse, India is under an intense slowdown in the wake of demonetisation and the new Goods and Services tax. For example, the output of eight core sectors of the Indian industry – coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity – declined by 5.2% in September.

Sensing an opportunity to voice popular discontent, the largely moribund political opposition stirred to life on this issue. Earlier, the Congress had characterised the RCEP as the "third jolt" to the economy after demonetisation and the introduction of the Goods and Services Tax.

The Left had also opposed the RCEP. The Communist Party of India (Marxist)'s farmer wing, the Kisan Sabha announced a nationwide protest on against the bloc. Even the Rashtriya Swayamsevak Sangh, the parent body of the ruling Bharatiya Janata Party, had raised red flags about the RCEP as part of its long-standing economically protectionist agenda.

This opposition made the Modi government quite wary of rushing into a deal. As a result, **India made a number of last-minute demands, eventually rejecting the RCEP itself**.

Given India's low-industrial base, the RCEP would help it "make the transition from an agriculture-based economy. Moreover, the RCEP would have benefited Indian consumers, offering them a greater range of products and services at lower prices.

Indian rice exporters need certification of inspection to export to European Union

India exports about 3 lakh tonnes of basmati rice to the European Union

Business Line, November 6, 2019

Indian rice exporters will now have to obtain a certification of inspection from a government agency to ship both the basmati and non-basmati varieties to countries of the European Union (EU).

"**Export of rice (basmati and non-basmati) to European Union (EU) countries will require certificate of inspection from Export Inspection Council/Export Inspection Agency with immediate effect**," directorate general of foreign trade has said in a notification.

Two aromatic basmati rice varieties -- PB1 and 1401 -- witness maximum export to the EU.

The European Commission had brought down in basmati rice the maximum residue limit (MRL) level for Tricyclazole, a fungicide used by farmers against a disease, to 0.01 mg per kg from 0.03 mg earlier. This was done for all countries.

India, the world's top rice exporter, exports about 3 lakh tonnes of basmati rice to the EU.

The Export Inspection Council (EIC) is the official export certification body of India which ensures quality and safety of products exported from India.

It was set up by the government of India under the Export (Quality Control and Inspection) Act, 1963 to ensure sound development of export trade of India through quality control and inspection.

The assurance to quality and safety is provided through either a consignment wise inspection or a quality assurance/food safety management based certification through its field organisation.

The Export Inspection Agencies (EIAs) under the council are located at Mumbai, Kolkata, Kochi, Delhi and Chennai.

India, 16 others complain to WTO about EU's residue limits for pesticides

The complainants allege that the bloc was disregarding scientific evidence

Business Line, November 10, 2019

India and sixteen other countries such as Brazil, Colombia, Argentina and the US have complained at the World Trade Organisation (WTO) against the EU decision to amend its policy on the maximum residue levels (MRLs) for a wide range of pesticides mainly used in the cultivation of citrus fruit and bananas.

The countries raised the matter at the meeting of the WTO Committee on Sanitary and Phytosanitary (SPS) measures on November 7-8 in Geneva and **underlined that the new requirements were not backed by science**.

"The seventeen countries that raised their voices against the lowered MRL levels by the EU alleged that the bloc was following a precautionary stance in taking its decisions and **was disregarding scientific evidence presented by relevant international organisations recognized by the SPS Agreement**," a Geneva-based trade official told BusinessLine.

The seventeen countries that jointly raised their concern include Colombia, Costa Rica, Côte d'Ivoire, Ecuador, Guatemala, India, Panama and Paraguay. Argentina, Brazil, Canada, Dominican Republic, El Salvador, Honduras, Peru, United States and Uruguay.

The pesticides for which the MRL has been lowered include **buprofezin, diflubenzuron, chlorothalonil, ethoxysulfuron, glufosinate, imazalil, ioxynil, iprodione, molinate, picoxystrobin and tepraloxydim**.

Departing from standards

Questions were especially raised on the **scientific justification for establishing an MRL of 0.01 mg/kg for imazalil in bananas and departing from the relevant international standard (Codex Alimentarius), which sets an MRL of 2.0 mg/kg.**

In its response, the **EU said that its decision of lowering MRL was based on a thorough risk assessment and followed rigorous procedures**, which were transparent and predictable. Answering requests for longer transition periods, the EU pointed out that these temporary measures to adapt to new conditions were always included in the relevant implementing measures, when there was a certainty that public health was not otherwise compromised.

India's basmati exports to the EU have already been affected due to the lowering of the MRL on tricyclazole, a fungicide used by Indian farmers.

New Zealand sees big potential to cooperate with India in dairy sector

Trade Minister Damien O'Connor offers to share technology and best practices

Business Line, November 10, 2019

Soon after India's exit from the multi-lateral trade pact, Regional Comprehensive Economic Partnership (RCEP), a prominent partner in the mega trade bloc, **New Zealand, has extended a helping hand for best practices in the dairy sector by offering technology and systems**.

On the last day of his three-day visit to India, Damien O'Connor, New Zealand's Minister of State for Trade and Export Growth, engaged with Amul at the milk capital of India, Anand, and tried to understand India's cooperative structure and the functioning of the dairy market in the country.

He hinted that New Zealand will continue to explore the Indian dairy market with the right products at the right time using Indian milk with advanced technology. Asked if New Zealand looks at India as a potential market, O'Connor stated: "Our countries share a lot of similarity in legal systems, cultural background. About 5 per cent of our population in New Zealand is Indian or of Indian descent. So, we believe it's a market we should talk to. There is also an opportunity for more trade with India."

O'Connor, who is also Minister for Agriculture, spent a day meeting dairy farmers and visiting Amul's milk product manufacturing facilities around Anand.

"We discussed how the (dairy) market works in India. (It is) slightly different than in New Zealand. But there are **many similarities between our dairy industry and Amul**. We have built a very successful dairy industry," O'Connor said during a media interaction at AmulFed dairy in Ahmedabad on Thursday.

"Though small, at about 2 per cent of the world's total dairy production — it is based on cooperatives. And that has delivered benefits to our farmers and allowed our industry to grow. And I am sure the same thing that we see today (at Amul) will allow growth for Amul and the Indian dairy industry," he added.

Notably, during the earlier negotiations for an RCEP agreement, Indian farmers, led by milk federations and dairy organisations, had expressed their apprehensions about dumping of dairy products by major producers like New Zealand, destroying the farmer-driven milk economy in India.

However, denying any such threat from New Zealand, O'Connor stated that the quantity of dairy products that would "come to India would be very very small."

Elaborating on the perceived threat, he clarified that "sometimes, we can say that a wrong product at a wrong time can affect prices here. We have discussed that at the political level and it has been discussed with Amul today. We have to respect the wishes of companies like Amul and your political leaders. We believe that with better and more trade, we can share the benefits and bring better products when there are shortages in some of the product lines."

RS Sodhi, Managing Director of 'Amul' marketer Gujarat Cooperative Milk Marketing Federation (GCMMF), stated that **the two sides explored cooperation in artificial insemination, processing, tagging and other aspects of the dairy system and challenges where New Zealand has advanced technology to address them**.

"The discussions were held regarding potential areas for collaboration for mutual benefit. **New Zealand is very advanced in feeding and breeding practices, and these are areas where they can help us. We can increase animal productivity with the technology and methods adopted by them**," Sodhi stated.

Hailing from a dairy farm in New Zealand and a "passionate supporter of cooperatives", O'Connor stated that it is important for industry players and farmers to understand the value and strength of cooperatives.

"Without cooperatives, a product like milk, which has a very short shelf life, becomes a liability for farmers. So, you have to have someone who can help you process that product. Most of Amul's operations, starting from grassroots farmers all the way to (processing) factories, reflect the progress and success that we see in New Zealand."

As a pilot project for mutual engagement on dairy cooperation, New Zealand's dairy farmers are currently working with some Indian farmers in Sonepat (Haryana), where about 300 milch cross-breed cows are being maintained using standards set by New Zealand. This pilot supplies a small quantity of milk to Delhi's markets at present.

There is also **a joint venture between New Zealand's cooperative dairy, Fonterra, and India's retail giant Future Group, which uses Indian milk to develop and supply high-value consumer products using Fonterra's technology.**

APEDA to target an agriculture export of $60 billion by 2022 with implementation of new policy

Agro and Food Processing, November 11, 2019

Agricultural and Processed Food Products Export Development Authority (APEDA) a statutory body under Ministry of Commerce informs that with the support of new agriculture export policy which has helped in bridging the gap between Ministry of Commerce and Ministry of **Agriculture the agri exports from the country are likely to touch export target of US $ 60 billion by the year 2022**.

As per the industry estimates, **India organic agricultural products market is about Rs. 8500 crores. Exports account for nearly 60% at Rs.5150 crore while domestic market is estimated at Rs. 2500 crore.** Compared to international trade of about 97 billion US$ Indian market seems to be very small but it is growing very fast,

APEDA has been promoting the export of various agricultural commodities and provides a platform to showcase India's quality produce to the global market.

According to said Tarun Bajaj, GM, APEDA, achieving an agriculture **export target of $60 billion by 2022 does not look ambitious**, given the current global conditions. More so, **because India's export basket largely comprises meat, marine products, and basmati rice whose demand in the world market is on constant increase**.

Integrated approach and better cooperation among the two union ministries for boosting agriculture production and trade increase export of organic food products as well as to **double Agri-exports to $60 billion by 2022 from current $38 billion**.

After the announcement of Agri Export Policy (AEP) by the government, all the concerned ministries which includes Ministry of Commerce, Ministry of Agriculture, Ministry of Animal Husbandry, Ministry of Food Processing Industries and other agencies are working in close coordination they are also focusing on exports.

In addition, **involving states** since they also have an important role in encouraging exports of agriculture products from the region." Bajaj added.

India exported organic products worth Rs.5151 Crore (over US $ 757 million) in 2018-19, from Rs. 3453 Crore in 2017-18 (US$ 515 million) registering an increase of about 49 %. The major demands under the organic product category are for flax seeds, sesame and soybean; pulses such as Arhar (red gram), Chana (pigeon pea); and rice, along with tea and medicinal plants. USA and European Union member-countries were the biggest buyers of organic products. There is a growing demand from Canada, Taiwan and South Korea in recent years, **Germany is one of the biggest importers of Indian organic products**. Now, many new countries are also taking interest.

Onion import norms relaxed till December 31

The imported onions will be fumigated by the importer at Indian ports

Business Line, November 13, 2019

The government on Wednesday said the **relaxation on fumigation and endorsement conditions for imported onions would be extended by a month till December 31.**

In a letter to officials at the Directorate of Plant Protection, Quarantine and Storage on Wednesday, the Agriculture Ministry said the restrictions had been lifted for one more month. **On November 6, the ministry had relaxed the norms till November 30.**

"**Such consignments of imported onions, which arrive in Indian ports without fumigation and endorsement to that effect on the PSC (phytosanitary certification) would be fumigated in India by the importer through an accredited treatment provider**," the letter said.

The consignment would be inspected thoroughly by quarantine officials and released only if found free from pests and diseases of concern to India, it further said.

Besides, the consignments **will not be subjected to additional inspection fees** -- which is four times the normal inspection fee -- on account of non-compliance of conditions of the import under the PQ Order, the ministry instructed the ports.

With many parts of the country facing a severe shortage of onions, the **government plans to import large quantities of the bulb from other countries, particularly from Afghanistan, Egypt and Turkey. The State-owned MMTC has also been told to import 1 lakh tonnes of onions at the earliest** for distribution in the domestic market.

Consumer affairs ministry seeks removal of import bar to check pulses price hike

This year, the government has allowed 400,000 tonnes of tur dal import and the window closes on Friday. The import window for urad and moong closed on October 31. "Like onion, pulses may also see a steep price rise.

The Economic Times, November 15, 2019

New Delhi: The **consumer affairs ministry has recommended removal of quantitative restrictions on import of pulses to preempt any price rise because of low production**, a senior official said.

This year, **the government has allowed 400,000 tonnes of tur dal import and the window closes on Friday. The import window for urad and moong closed on October 31. "Like onion, pulses may also see a steep price rise. Delay in allowing imports will not help**," said the consumer affairs ministry official.

Prices of pulses, especially tur dal, have crossed the Rs 100 a kilogram. As per the food ministry, the availability of pulses is just enough to meet the domestic requirement and any deviation will result in shortage.

“**We need more supply through imports** to ease pressure. Restrictions on imports make sense when production is ample. But in such a situation, **when pulses output is estimated to be low, restrictions will increase prices**,” the official said.

The domestic demand for pulses has been pegged at 25.4 million tonnes (MT) for this year. The availability of the commodity in the country is about 25.6 MT, including the buffer stock of 0.8 MT of tur and 1.5 MT of chana.

“**Crops of pulses, including tur, are reportedly damaged due to excessive rain in Karnataka and Maharashtra**. We will need imports to cool prices,” the official said. **Urad is in an alarming position with almost 50% of the crop damaged in the major growing states of Madhya Pradesh in excessive rain**.

“India’s pulses imports are expected to jump significantly to meet the deficit. We are waiting for the government to open up imports,” said Zaverchand Bheda, chairman of the Indian Pulses and Grains Association (IPGA).

The government is monitoring the price of pulses and has asked the National Agricultural Cooperative Marketing Federation of India and Mother Dairy to sell pulses at Rs 85 a kg in the retail market.