

News Brief

August 22 – Sept 4, 2020

Government Aid and Policies

[The Department of Food and Public Distribution under Ministry of Consumer Affairs, Food and Public Distribution has sent letters to States Governments to include all eligible disabled persons under the National Food Security Act 2013 \(NFSA\).](#) The department has asked the States to ensure that they get their entitled quota of food grains under NFSA and Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY). Under the NFSA, Antyodaya Anna Yojana households (identified by the central government) and Priority households (identified by the State governments) are entitled to 35 kg grains per month per family and 5 kg grains per month per family member respectively. These grains are available at nominal prices. The central government has reiterated that disability is one of the criteria for inclusion of beneficiaries under AAY households as disabled persons are vulnerable section of the society. It has advised the States that it is imperative that they are also covered by States under the priority households as per the criteria of identification evolved by them.

[The government has approved 27 new projects under the scheme for integrated cold chain and value addition infrastructure of Pradhan Mantri Kisan SAMPADA Yojana \(PMKSY\).](#) These 27 new integrated cold chain projects across 11 States will leverage a total investment of EUR 85.6 million 743 for the creation of modern food processing and cold chain infrastructure. These projects with a grant-in-aid of EUR 24 million will benefit 257,904 farmers and create 16,200 jobs. Under the scheme, the Food Processing Ministry provides assistance in the form of grant-in-aid at the rate of 35% for general areas and at the rate of 50% for North-Eastern States, Himalayan States, Integrated Tribal Development Projects Areas(ITDP), and Islands. Assistance is also given for value addition and processing infrastructure subject to a maximum grant-in-aid of EUR 1.2 million per project for setting up integrated cold chain projects, including irradiation facility from the farm gate to the consumer.

Monsoon and Kharif sowing

[The Indian meteorological department has said that this year's monsoon could end in the range of normal to above normal.](#) The overall rainfall is likely to be 102% of the Long Period Average (LPA) with an error margin of plus or minus 4%. The LPA rainfall over the country for the 1961-2010 period is 88 cms and monsoon in the range of 96-104% of the LPA is considered normal. The country as a whole has received 7% excess rainfall so far. Of the 36 subdivisions in the country, 23 have received normal rainfall, 8 have received excess rainfall and 2 large excess. 3 subdivisions have a rainfall deficit.

[The agriculture ministry has reported that the sowing of kharif \(summer\) crops touched a new record at 109.5 million hectare so far in the current season on account of good rains and timely pre-positioning of crop inputs.](#) Sowing of rice is still going on while sowing of pulses, coarse cereals, millets and oilseeds is almost over. The previous record sowing was in 2016 when a total area of 107.6 million hectare was sown. Last year 103 million hectares had been sown last year. The ministry has also stated that there has been no impact of COVID-19 on progress of area coverage under kharif crops till now. Area under

rice, coarse grains, pulses and oilseeds has grown by 8.3%, 4.7%, 1.8% and 12% respectively. Among cash crops, area under sugarcane area rose by 1.3% and that under cotton by 3.2%.

Locust Situation

[FAO's Desert Locust situation update dated 2 September 2020 has reported that in southwest Asia, extensive hatching and hopper band formation occurred in India.](#) Intensive control operations have significantly reduced infestations. Consequently, the second generation of breeding that starts in September is expected to be on a much smaller and more manageable scale.

Food Safety

[The Food Safety and Standards Authority of India \(FSSAI\) has issued a new draft notification to stop the use of the word 'milk' on non-dairy and plant-based dairy products.](#) According to the draft, the word 'milk' should apply exclusively to animal-derived milk and its products. The notification is open for comments for 30 days, after which it will be sent to a scientific panel for comments. Brands selling soya and almond milk and non-dairy cheese and ice-cream will be affected by the notification. The move has, however, been opposed by animal rights groups who have put forward the argument that the restrictive labelling standards by the FSSAI would affect the trade of plant-based food businesses in a country where the demand for dairy alternatives is increasing for reasons of health, fitness and dairy allergies.

[The FSSAI has come out with an order which makes it mandatory for importers of 24 major food crops to declare that the products are not genetically-modified and that they also have a non-GM origin.](#) This will be in force from January 1, 2021. While the FSSAI is in the process of framing regulations on GM foods, the latest GM order, in the interim, is expected to tighten safety assessments of imported food crops at ports. The 24 food crops include apple, eggplant, maize, wheat, melon, pineapple, papaya, plum, potato, rice, soyabean, sugarbeet, sugarcane, tomato, sweet pepper, squash, flax seed, bean plum, and chicory. While environmental groups have been complaining that imported foods often contain genetically modified organisms (GMO) and need to be controlled, strong lobby groups are asking to allow 5% transgenic component in agricultural commodities imported under a trade treaty.

The FSSAI has notified the following amendments in the Gazette of India:

[Food Safety and Standards \(Packaging and Labelling\) First Amendment Regulations, 2020](#) relating to the display of information in food service establishments. Food Service Establishments having central license or outlets at ten or more locations will have to mention the calorific value against the food items displayed on the menu cards or boards or booklets and the reference information on calorie requirements shall also be displayed clearly and prominently. Information regarding allergens and logo for vegetarian and non-vegetarian foods will also have to be mentioned. The regulations are now in force and Food Business Operators will have to comply with all the provisions of these regulations by January 1, 2022.

[Food Safety and Standards \(Food Products Standards and Food Additives\) Second Amendment Regulations, 2020](#) relating to Wheat Bran, Non Fermented Soybean Products. The regulations are now in force and compliance is required by July 1, 2021.

[Food Safety and Standards \(Food Products Standards and Food Additives\) Third Amendment Regulations, 2020](#) relating to standards of Rice, Chia Seeds, Gari (Cassava product), Edible Cassava Flour, Roasted Bengal Gram Flour -Chana Sattu, Ragi Flour, Almond Kernels, Coconut Milk Powder (Non Dairy), Mixed Masala Powder, Spice Oleoresins, Tejpat, Star Anise and Phytostanol. The regulations are now in force and compliance is required by 1st July, 2021.

[Food Safety and Standards \(Food Products Standards and Food Additives\) Fourth Amendment Regulations, 2020](#) relating to meat products. The regulations are now in force and compliance by 1st July, 2021 is required.

[Food Safety and Standards \(Food Products Standards and Food Additives\) Sixth Amendment Regulations, 2020](#) related to new standards for low lactose / lactose free milk and dairy permeate powder and definition of mozzarella cheese. The regulations are now in force and compliance by 1st July, 2021 is required.

[Food Safety and Standards \(Contaminants, Toxins and Residues\) First Amendment Regulation](#) related to limit of Metal Contaminant, Aflatoxin and Mycotoxin. The regulations are now in force and compliance by 1st July, 2021 is required.

[The FSSAI has reoperationalised the Food Safety and Standards \(Licensing and Registration of Food Businesses\) Amendment Regulations, 2020 and the Food Safety and Standards \(Food Product Standards and Food Additives\) Amendment Regulations, 2020 relating to limit of naturally occurring formaldehyde in freshwater and marine fish.](#) These two amendment regulations were made operational in February this year. FSSAI has said that these draft regulations are in the process of being notified and the final regulations are likely to take some more time, therefore in view of public health, the provisions of these regulations have been reoperationalised from August 11, 2020.

Market Potential

[An Ernst and Young's report on India's agriculture technology sector says that it has the potential to grow to \\$24.1 billion in the next five years.](#) With a turnover of \$204 million, India's agri-tech sector is at under 1% of its market potential today. The report states that companies addressing supply chain and financial services solutions are set to gain. EY estimates that five key categories of agritech will control the major share of the sector's turnover. The market for tech enabled supply chain and output market linkages will be the largest segment worth \$12 billion and financial services could have a market potential of \$4.1 billion by 2025. Market for supplying farm inputs is estimated at \$1.7 billion, precision agriculture and farm management at \$3.4 billion, and the market for quality management and traceability at \$3 billion by 2025.

[In its annual report, United Breweries Ltd \(UBL\), a market leader in the beer segment and the owner of Kingfisher brand of beer has said that it is expecting further acquisitions and entry of new players in the](#)

[Indian beer market, despite COVID-19 disruptions and higher taxes by some states.](#) It has reported that the beer market in India has been growing on account of higher disposable income, rising preference for low alcohol beverage, gradual social acceptance and support of government incentives on exports. Over 30% of the total population in India comprises youth, and beer consumption is increasingly becoming part of their social interactions. Moreover, online delivery of liquor, permitted only recently in some states after the market opened after lockdown, has increased the easy availability of beer. In India, the per capita beer consumption is still very low compared to other south Asian markets and the market could witness a huge growth in the next few years. The current industry size is estimated to be over 320 million cases per annum.

Trade

[Amul, the biggest milk cooperative in India, has said that India should not give any concessions to the US under any trade deal as subsidised imported milk and other dairy products would affect the livelihoods in the country.](#) The US has sought duty concessions on various dairy products including milk powder in the bilateral trade deal negotiations, which it is keen to conclude before the presidential elections in November. India imposes duties worth 30-60% on dairy imports and imports dairy worth EUR 23-35 million annually. The co-operative is against a free trade agreement (FTA) with any dairy-rich country such as Australia, New Zealand and the US. Concessions to dairy imports was one of the reasons that India exited the mega Regional Comprehensive Economic Partnership (RCEP) trade agreement last year. Dairy is a EUR 85 billion sector in India and about 100 million rural families depend on it of which 80% are landless marginal farmers.

Enterprises

[Gujarat Cooperative Milk Marketing Federation Ltd \(GCMMF\) which markets dairy products under the Amul brand, will invest around EUR 115 million over the next two years to set up milk processing plants.](#) The processing capacity would increase to 42 million litres per day from the current 38 million litres per day. GCCMF will invest another EUR 58 million on facilities for new products like edible oil, bakery and potato processing over the next two years.

[India's Future Group has completed the sale of the its retail business to Reliance Industries Ltd's retail arm on Saturday the 29th August 2020 for EUR 2.8 billion.](#) Reliance will also take on Future Group's debt and liabilities and pick up a minority stake in its consumer arm too. Owned by India's "Father of Modern Retailing", Kishore Biyani, Future Group owns many supermarket chains like Big Bazaar, Easyday, Nilgiris, upmarket food stores FoodHall, and clothing chains FBB, Central and Brand Factory. The acquisition will help billionaire Mukesh Ambani-controlled RIL to expand its fast-growing retail business and strengthen online retail to compete with Amazon. Reliance is also in discussions to buy milk delivery startup called Milkbasket.

Other News

[The Indian Beverage Association \(IBA\) has written to the GST council and the Finance minister asking](#)

[that aerated drinks be removed from the 'sin tax' category.](#) It represents some of the biggest soft drinks makers in India like Coco-Cola, Pepsi co, Parle Agro and Red Bull. Aerated drinks are placed in the GST slab of 28% and levied a compensation cess of 12%, bringing the tax to 40%. IBA has called it discriminatory as other sugar based products like ice cream and chocolate are taxed lower than aerated drinks. IBA has also asked for revision of levies for juice-based drinks from the current GST slab of 12% to 5%, and reduction of tax on packaged drinking water from the existing GST slab of 18% to 12%.

[The Software Technology Parks of India \(STPI\), an autonomous society under the Ministry of Electronics and Information Technology, is planning to have the largest ecosystem of incubating new technologies in the country by setting up 21 centres of excellence \(CoE\) in various sectors.](#) 3 centres are dedicated to agriculture, of which 2 have already been launched in Guwahati and Gurugram and one will be launched soon in Patna. The CoE in Gurugram is dedicated to Apiculture. STPI Director General Omkar Rai said that there is a need to adopt new technologies to enhance production in agriculture and to build trust and traceability, and blockchain technology will help in creating trust around the origin and quality of the products.

[The National Horse Research Centre \(NHRC\) is going to open the first donkey milk dairy in India in the Hisar district of Haryana with 10 donkeys initially.](#) Donkeys of "Halari breed" have been ordered from Gujarat and breeding will be done to increase their numbers. To start this dairy, help is being taken from scientists of Central Institute for Research on Buffaloes (CIRB) and National Research Centre on Equines (NRCE). Donkeys' milk is reported to have many health benefits and is also used as an ingredient in many beauty products and its cost ranges from EUR 23-80 per litre.