Liberté • Égalité • Fraternité
RÉPUBLIQUE FRANÇAISE

AMBASSADE DE FRANCE EN INDE

SERVICE ECONOMIQUE REGIONAL

Press Review

16th to 30th November 2019 (sorted by date)

Indian Agriculture and Food Industry

As arrivals pick up, prices of maize slip below support level

Distressed farmers want procurement mechanism to cover coarse cereals, too

Business Line, November 21, 2019

Prices of maize that ruled above ₹2,000 a quintal level for most part of the year have started trending lower on pick up in arrivals and have **slipped below the minimum support price levels across several markets** in States such as Karnataka, Maharashtra, Madhya Pradesh and Telangana.

For the growers, who **battled challenges such as incessant rains and the dreaded pest -- the fall army worm (FAW) -- the downtrend in prices coinciding with the harvest season has come as a shocker**. However, the softening price trend has provided some **relief for another segment of the farming community -- the poultry players.**

In **Karnataka, the major producer** of maize in the kharif season, the prices of the coarse cereal **have dropped below the MSP in the key growing region of Davangere and Chitradurga districts** as farmers bring more produce to the market yards. The Centre had fixed a MSP of ₹ **1,760 per quintal** for the 2019-20 season.

In Harapanahalli, where the arrivals were the highest on Wednesday exceeding 1,000 tonnes, the modal price for the fair average quality (FAQ) stood at ₹1,978 per quintal, higher than the MSP. However, in many other markets such as Davangere, Chitradurga, Hanagal, Hirekerur and Piriyapatna, the decline in modal prices below the MSP level has **triggered demand from farmer groups seeking government intervention.**

"The harvest has just begun, and already the prices are trending lower. We expect the arrivals to pick up in the weeks ahead, which will lead to further pressure on prices. The **government should look at market intervention to procure maize**," said Nulenur Shankarappa of the Karnataka Rajya Raitha Sangha (KRRS).

In the absence of any procurement mechanism for maize, the farmers, who do not have adequate storage facilities, are left to the mercy of the traders, Shankarappa said. "The **MSP mechanism is only on paper as far as maize is concerned. As maize is not distributed under the public distribution system (PDS), the governments -- both state and Centre -- are not keen on procuring it. The governments should amend the current norms to ensure that maize is procured under the public procurement mechanism**," Shankarappa said. Farmer groups led by KRRS are planning to stage protests soon to attract the government's attention, he added.

Rains help in fighting pest

KS Akhilesh Babu, President, Karnataka Poultry Farmers and Breeders Association, said the overall maize crop looks good and the arrivals will pick up in the next couple of weeks.

"The tension of not having maize is not going to be there now," Babu said, adding that it **would bring down the costs for the poultry sector. The shortage of maize last year had led to a rise in prices, triggering demand for imports from the poultry sector**.

Babu said the good prices last year had prompted farmers to take a larger area. The yield also looks good this year despite the pest attack and rains. The prolonged rainy spell, incidentally, helped the farmers to overcome the FAW menace.

India's extruded snack market projected to grow at over 15% till 2024

Food and Beverage News, November 25, 2019

Extruded snacks in India is projected to grow at a CAGR of more than **15 per cent between 2019 and 2024**. These were the findings of a recently-released report by research-based global management consulting firm TechSci Research, titled India Extruded Snacks Market By Type, By Distribution Channel, By Region, By Company, Competition, Forecast & Opportunities, 2024.

Growth in the market can be **majorly attributed to rising per capita income, growing youth population,**

growing young population, and introduction of smaller packs as well as competitive pricing provided by the leading players.

Increasing per capita incomes of people living in urban, semi-urban and rural regions of the country are among the major factors driving consumption of extruded snacks. The extruded snacks market is also expected to be **positively influenced by anticipated growth in the country's retail market** in the coming years.

Moreover, the growing young population in India is also positively impacting the growth of extruded snacks market as the kids are a major target segment of these snacks.

Additionally, growing urbanisation, and the introduction of smaller and affordable pack sizes as well as the competitive pricing provided by the leading companies are some other factors that are anticipated to contribute to the growth of extruded snacks market in India during the forecast period.

In terms of distribution channel, the extruded snacks market is categorised into traditional grocery stores, supermarkets/hypermarkets, convenience stores, online, and other distribution channels.

Traditional grocery stores accounted for the majority share of the India extruded snacks market in 2018, followed by supermarkets/hypermarkets. The convenience stores and online portals are also witnessing a healthy growth in the market.

In terms of region, the India extruded snacks market is categorised into North India, West India, East India and South India. The **market for India extruded snacks in North India was the largest in 2018 on account of presence of a large customer base, especially the young population**.

Major players operating in the Indian extruded snacks market include **PepsiCo, ITC, Prataap Snacks, DFM Foods and Haldirams.** In 2018, PepsiCo grabbed the lion's share in the country's extruded market, and the company is expected to continue its dominance through 2024.

"India is one of the fastest-growing major economies, and with increasing employment opportunities, high GDP growth rate and rising inflow of foreign direct investment, consumption of extruded snacks is growing," said Karan Chechi, research director, TechSci Research.

"Kids and young population are the primary buyers of extruded snacks and they are also the target consumer segments for the major players operating in the market. Busy lifestyles, rising per capita income, traditional habit of Indians to have snacks, and increasing middle-class population make the country a lucrative market for extruded snack manufacturers," he added.

The report has evaluated the future growth potential of Indian extruded snacks market and provides statistics and information on market structure, consumer behaviour and trends. It is intended to provide cutting-edge market intelligence and help decision makers take sound investment evaluation.

Besides, the report also identified and analysed the emerging trends, along with essential drivers, challenges and opportunities available in the India extruded snacks market.

FSSAI finds 3.7 per cent of 1.06 lakh food samples unsafe and 15.8 per cent sub-standard

Agro and Food Processing, November 26, 2019

According to The Food Safety and Standards Authority of India (FSSAI), over **1.06 lakh food samples were analysed last fiscal, of which 3.7 per cent were found to be unsafe and 15.8 per cent sub-standard**.

FSSAI reported **36 per cent rise in civil cases to 2,813 and 86 per cent increase in criminal cases to 18,550**. There has been a **67 per cent increase in the number of cases where penalties were imposed to 12,727**. A total amount of Rs 32.58 crore has been realised during 2018-19, up 23 per cent from previous year. There have been 701 convictions in criminal cases.

FSSAI released the **data on enforcement efforts by states/UTs in the country**. The released data includes samples analysed, non-conforming samples, cases launched, convictions and penalties by states/UTs during the year 2018-19

FSSAI stated that during the year 2018-19, a total of 1,06,459 samples were analysed. While 3.7 pc of these samples were found to be unsafe, 15.8 pc were found to be sub-standard and 9 pc samples had labelling defects.

There has been a **7 per cent increase in the number of samples analysed during 2018-19 as compared to 2017-18** and "25 per cent more samples were found non-conforming compared to the previous year", the regulator said, adding that this **indicates there has been better targeting of enforcement efforts** by states/UTs.

FSSAI CEO Pawan Agarwal said that there was a need for **more rigorous enforcement by states is essential** to build public trust in food. He admitted that public trust has been eroded in recent times due to fake news, creating widespread perception of large-scale adulteration in the country.

FSSAI is working with states and UTs, particularly with weaker ones in this regard. "For this, **FSSAI is increasing the capacity of state food laboratories and enabling use of private food labs for testing food samples**. Enforcement efforts have to be better targeted and preceded by surveillance efforts to identify hotspots and problem areas," Agarwal said.

Uttar Pradesh, Gujarat, Kerala, Madhya Pradesh, Punjab, Tamil Nadu, Bihar, Jammu & Kashmir, Delhi and Chandigarh performed well, while states that have performed poorly include Chhattisgarh, Himachal Pradesh, Karnataka, Assam, Jharkhand, Odisha, Rajasthan, West Bengal, Telengana, and Uttarakhand.

Many of the poorly performing states have not been able to put in place full-time officers for food safety and do not have proper food testing laboratories despite the food safety law coming into force over a decade ago, FSSAI said.

Government Policies and Initiatives

FSSAI to operationalize regulations with respect to honey pollen count

Business Line, November 18, 2019

The Food Safety and Standards Authority of India (FSSAI), the country's apex regulator, has decided to **operationalise the regulations with respect to the pollen count and plant elements for honey**.

It earlier issued a draft notification in this regard, specifying the parameters for the pollen count.

FSSAI issued a notice in this regard, stating, "It has been decided to operationalise these regulations with immediate effect."

Shobhit Jain, executive director, compliance strategy, FSSAI, said, "The draft regulations are in the process of being notified, and the process of draft notification, consideration of comments, if any that may be received thereon, and **the finalisation of these regulations is likely to take some more time**."

"Meanwhile, **to address the issue of food business operators (FBOs) to comply with the present standards of honey with respect to the said parameters, it has been decided to operationalize these regulations with immediate effect**," he added.

The Draft Regulations were called the Food Safety Standards (Food Product Standards and Food Additives) Amendment Regulations, 2019. Under this amendment, for Regulations 2.8 for sweetening agents including honey, the parameters and corresponding entries at Serial Number 12 shall be substituted with, "The minimum **pollen count and plant elements/g** will be 5,000."

According to the apex regulator, **honey has been a target of adulteration through artificial colours and sugars**. Through this amendment notification, the existing standards of honey has been revised to include several **new quality parameters**, which address the issues concerning quality and purity of the product and also to curb rampant adulteration in honey.

Kisan credit cards given to 8,400 fishermen so far

Business Line, November 21, 2019

The government said on Thursday that it has **distributed Kisan Credit Card (KCC) to only 8,400 fishermen in the country so far and efforts are being made to reach out to more people**.

To give boost to the fishery sector, the government has drafted two key Bills, which are expected to be placed in Parliament either in the ongoing or next session, it said.

The **National Marine Fisheries (Regulation and Management) Bill 2019 and the other bill on controlling diseases in fish are yet to be approved by the Cabinet**.

Addressing an event on the occasion of the World's Fisheries Day here, Fisheries Minister Giriraj Singh said among several measures announced, the government had extended a short term credit facility, which was available to farmers pursuing animal husbandry and fisheries in 2018-19.

"So far, 8,400-odd fish farmers have got KCC. This number is too **small when compared to around 2 crore fish farmers in the country**. We are going to review and take measures to step up our efforts to reach more people," he said.

In the Budget 2018-19, the government had announced extension of the Kisan Credit Card (KCC) facility to animal husbandry farmers and fishermen to help them meet their working capital requirements.

However, **not many cards could be distributed to fish farmers due to lack of awareness and delay in issuing RBI guidelines for implementation of this facility**, sources said.

Only 37% funds for PM-KISAN disbursed in 7 months

The Indian Express, November 22, 2019

With hardly five months left for the current fiscal to end, there is a possibility that a large amount of the PM-KISAN funds may remain unspent.

Only **37 per cent funds under Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme have been disbursed** in the first seven months of the current financial year against the estimated amount allocated for it.

Out of the allocation of Rs 75,000 crore for FY 2019-20, Rs 27,937.26 crore has been spent until October-end, Minister of Agriculture and Farmers Welfare Narendra Singh Tomar informed the Lok Sabha on Tuesday.

With hardly five months left for the current fiscal to end, there is a **possibility that a large amount of the PM-KISAN funds may remain unspent**.

"So far, **out of an allocated amount of Rs 75,000 crore for FY 2019-20, around Rs 27,937.26 crore has been spent up to 31-10-2019, which includes administrative expenses given to the states**," Tomar said in a written reply to a question.

No specific reason was given for the slow spending. However, the minister said, "PM-KISAN is a **continuous and ongoing scheme**, in which the financial benefits are **transferred to the bank accounts of the identified beneficiaries as and when their correct and verified data is uploaded by the concerned States / UTs** on PM-Kisan web-portal. Therefore, the actual utilisation of the funds may vary depending upon the variation in the number of beneficiaries. The actual fund position shall be ascertained by reconciliation after the end of the FY 2019-20."

He added, “The financial implication has been estimated on the basis of operational land holdings data as per Agri-Census Data 2015-16 extrapolated to 2018-19. The Census Data does not take care of joint land holdings. Therefore, **there may be increase/decrease in number of beneficiaries from states as the onus lies with the state/UT governments to identify the beneficiaries and upload their details** thereof on PM-KISAN portal.”

In 2018-19, the government had allocated Rs 20,000 cr for PM-KISAN trough revised estimates of the Ministry of Agriculture and Farmers Welfare. However, a written reply given by Tomar in the Lok Sabha on June 25 this year shows that Rs 6,662 crore was paid to the beneficiaries as the first instalment in the last financial year.

Under the PM-KISAN scheme, the government provides income support to the eligible beneficiary to the tune of Rs 6,000 per year, payable in three four-monthly instalments of Rs 2,000 each. The payment is made **online directly into the bank accounts** of the eligible beneficiaries under direct benefit transfer mode.

The Narendra Modi government announced the PM-Kisan scheme on February 1 in the Union Budget (Interim) 2019-20, and implemented it retrospectively with effect from December 1, 2018. Initially, it was projected that **about 14.5 crore farmers will come in the ambit of the scheme, but the latest data in the minister’s reply shows that only 50 per cent — 7.26 crore farmers — have been benefited so far**.

FSSAI no to display & sale of liquor / alcoholic beverages online sans NoC

Food and Beverage News, November 25, 2019

The FSSAI is tightening its leash on e-commerce FBOs by **prohibiting display and sale of liquor or alcoholic beverages online in the absence of permission or no-objection certificate for the same from Excise department of concerned states in the country.**

In this regard, the Food Safety and Standards Authority of India has **issued an advisory directing licensing authorities to take a self-declaration from FBOs (Food Business Operators) applying for e-commerce kind of business for category 14, that they would not display and sell liquor or alcoholic food beverages online.** Further, if they intend to sell such commodities online, they have to submit permission or no-objection certificate (NoC) from Excise department of concerned state.

According to the apex food regulator, **it has laid down standards for alcoholic beverages as a food item through the Food Safety and Standards (Alcoholic Beverages) Regulations, 2018, and is granting licences for alcoholic beverages accordingly.**

It adds that the licensing authorities have been in receipt of applications for licences for e-commerce under food category 14, namely beverages, excluding dairy products, and their sub-categories, which also include liquor or alcoholic beverages.

However, it points out that sale of alcohol is dealt with under the State Excise department and refers to a recent judgment by the Karnataka High Court pertaining to the issue.

Giving details, Shobhit Jain, executive director, compliance strategy, FSSAI, tells FnB News: “It may be pointed out that the matter relating to online sale of liquor / alcoholic beverages was brought before the Karnataka High Court in Writ Petition No. 6448/2019 (Excise).”

He adds, “In its judgment in the case, the court held that the petitioner is not entitled to carry on business of online order processing, and delivery of liquor to the consumers in the state of Karnataka in the absence of enabling provisions available under the Karnataka Excise Act, 1965, to grant such licence or permission.”

Jain explains, “Those people who have e-commerce ventures will not be selling alcohol unless they have the state Excise permission, because obviously the alcohol sale is governed by the state Excise department. So it should not happen without permission. They can do it. We just insisted on the copy of that permission.”

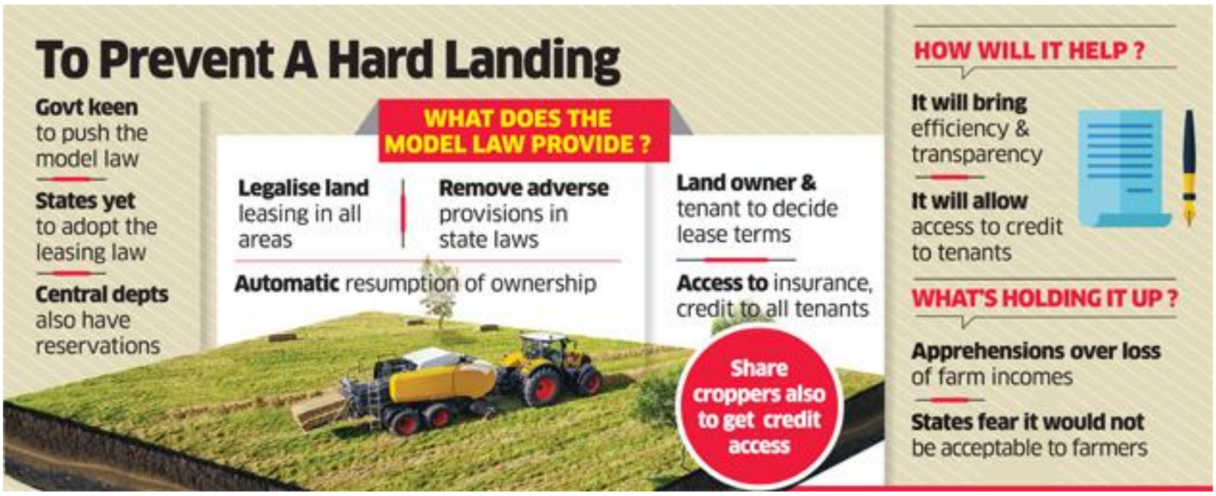
According to Jain, it may be noted that the sale of liquor or alcoholic beverages comes under the ambit of state governments and their state Excise departments. In addition, the consumption of alcohol is prohibited in some states, and the legal drinking age in India varies from state to state. The reason why FSSAI had to specify its stand in the advisory.

GoM set up to resolve land leasing issues

The model legislation, drafted by the Aayog three years ago, is yet to be adopted by states. Most state governments have either legally banned or slapped restrictions on agricultural land leasing that have forced tenancy to be informal, insecure ...

NEW DELHI: **The Prime Minister's Office has set up a group of 12 ministers to resolve differences over the proposed Model Agricultural Land Leasing Act, 2016**. **The GoM includes the ministers of defence, home, agriculture and rural development.**

"A GoM has been constituted by PMO for examining the draft Model Agricultural Land Leasing Act, 2016, prepared by Niti Aayog and recommending the way forward in the light of necessity, practicality and desirability of encouraging land leasing," said a government order, seen by ET.



The model legislation, drafted by the Aayog three years ago, is yet to be adopted by states. Most state governments have either legally banned or slapped restrictions on agricultural land leasing that have forced tenancy to be informal, insecure and inefficient.

A top government official told ET that the rural development ministry which had reservations over the model legislation, and did not pursue it aggressively with the states amid apprehensions over the framework leading to loss of farm income. "It is important to sort out the differences at the GoM level over issues of national importance before it is taken up by the Cabinet," the official said on condition of anonymity.

The move came after the Aayog took up with the PMO the issue of the crucial legislation being held up. The **ministers of social justice and empowerment, tribal affairs, environment and forest, railway and commerce and industry are also part of the group**.

A Niti Aayog expert committee led by T Haq had proposed legalising land leasing to promote agricultural efficiency, equity and poverty reduction and to ensure complete security of the ownership rights of the landowner as well as security of tenure for the tenant through the agreed lease period.

Terms and conditions of lease were to be determined mutually by the landowner and the tenant.

The share of agriculture in the gross domestic product (GDP) is only about 14%, but it employs 49% of the country's total workforce and 64% of the rural workforce.

Landholding sizes, however, remained very small. **The Aayog thinks that legalisation of land leasing will**

reduce the pressure of population on agriculture and enable small farmers to augment their size of operational holdings by leasing in land.

[Badal clears new projects worth Rs. 270 crore, emphasizing on generating direct employment]

Agro and Food Processing, November 26, 2019

An inter-ministerial approval committee, headed by Food Processing Minister Harsimrat Kaur Badal, has **cleared projects worth Rs 271 crore to enhance processing and preservation capacities**. The projects were sanctioned **under the Creation/Expansion of Food Processing & Preservation Capacities (CEFPPC) scheme**, an official statement said.

The projects would create **direct employment of about 9,000** and **would emphasise on linking agriculture and marketing with modern food processing technologies** and a special emphasis has been given on rural areas and generating direct employment.

The ministry is **also implementing the PM Krishi Sampada Yojana with a total outlay of Rs. 6,000 crore, wherein capital subsidy in the form of grants-in-aid ranging from 35 per cent to 75 per cent of the eligible project cost is being provided to investors. This is being done to undertake infrastructure and logistic projects besides setting up of food processing units in the country.**

[FSSAI to launch Verified Milk Vendor Scheme to register unorganised suppliers]

Business Line, November 26, 2019

The Food Safety and Standards Authority of India (FSSAI) **plans to write to the GST Council to reduce the tax rate on packaged milk products to zero.** The move is part of its **efforts to address the issues of safety and hygiene in the unorganised milk products sector**.

The food safety authority will also **launch the Verified Milk Vendors Scheme to address the issues of quality and safety in raw milk that is supplied directly to consumers by unorganised milk vendors**.

Unveiling an action plan for safe and good quality milk and milk products, FSSAI CEO Pawan Agarwal said on Tuesday, "We have noticed that **many unorganized players who were earlier selling packed milk products have now begun selling them as open products to avoid GST**.

"So we plan to write to the GST Council to bring down the rate on packed milk products from 5 per cent to 0 per cent to address hygiene and safety issues."

The FSSAI plans to take several key measures for increased and targeted testing and surveillance, preventive and corrective actions, and to increase consumers' engagement as part of the action plan.

Online registration

While all milk vendors are required to register per the Food Safety and Standards Act, only 5 per cent are currently registered. Under the Verified Milk Vendors Scheme, unorganised milk vendors will be able to voluntarily register through an online portal.

They will be provided with a photo identity card, properly calibrated lactometer and training.

"Addressing the issues of quality and safety in the unorganised milk sector is challenging. We also hope to make consumers aware of this scheme so that they ask their milk vendors whether they are verified. We hope to initially get as many as one lakh milk vendors verified under this scheme. Then the scheme will be reviewed," Agarwal said.

As far as the organised dairies sector is concerned, the FSSAI has already notified a Scheme of Testing and Inspection, under which the players will need to test products throughout the production chain and maintain records of safety and quality parameters.

“This scheme will get enforced from January 1, 2020. And we will use third-party audit agencies to conduct audit on dairy players next year,” Agarwal added.

Precision testing

Meanwhile, the FSSAI is providing State food laboratories with key testing equipment to conduct high-end precision testing as well as rapid testing to check for contaminants such as aflatoxin M1, antibiotics and pesticides, besides determining the quality of milk and milk products.

It has also asked NABL-accredited private food laboratories to complement the testing by State food labs. Additionally, it will work with consumer organisations, especially in smaller cities and towns, for carrying out surveillance activities on milk and milk products.

“Milk and milk products safety and quality is one of the key priorities for the FSSAI and we will be making efforts to address issues impacting the quality and safety of products in this industry,” Agarwal said.

The FSSAI will be closely working with the Ministry of Animal Husbandry, Dairying and Fisheries along with the National Dairy Development Board to enhance awareness among small dairy farmers regarding improved animal husbandry and farm practices, he added.

FCI’s authorised capital raised to ₹10,000 crore

Business Line, November 27, 2019

The government has **approved a proposal to increase the authorised capital of state-owned Food Corporation of India (FCI) to ₹10,000 crore from the existing ₹3,500 crore**. The decision was taken at a meeting of the Cabinet Committee for Economic Affairs (CCEA) on Wednesday.

The hike in authorised capital will help the PSU get additional equity capital through the Union Budget, helping it fund the foodgrain stock held by it. FCI’s current paid-up capital is ₹3,447.58 crore.

The increase in authorised capital and additional matching equity capital from the government will help reduce FCI’s borrowings, save interest costs and reduce food subsidy as a result, an official statement said.

Jute use

In another decision, the **CCEA made it mandatory to use jute for packaging foodgrain and sugar in jute year 2019-20**. **The Jute Packaging Material Act of 1987 mandates the use of diversified jute bags to package all the foodgrain and 20 per cent of sugar in the country. The decision to pack sugar in diversified jute bags will give an impetus to the jute industry, which employs nearly 3.7 lakh workers**, the statement said.

“The decision also mandates that initially 10 per cent of the indents of jute bags for packing foodgrains would be placed through reverse auction on the GeM (Government e-Marketplace) portal. This will gradually usher in a regime of price discovery,” the statement said.

Jute is grown in the eastern and north-eastern parts of the country, particularly in West Bengal, Bihar, Odisha, Assam, Meghalaya and Tripura.

Government extends stock holding limit on onion traders indefinitely to check price rise

Besides stock holding limit, he said, the Centre has banned exports of onion and importing 1.2 lakh tonnes to control prices. Onion prices are ruling at Rs 70-80 per kg in retail markets across major cities.

The Economic Times, November 27, 2019

New Delhi: With onion prices continuing to rule high at Rs 80-90 per kg, the government on Wednesday **extended prohibitions on traders from the stocking of edible bulb across the country for an indefinite period**.

Separately, Food and Consumer Affairs Minister Ram Vilas Paswan did not say by when prices of onion will normalise. "It's not in our hand, the government is making maximum efforts but who can win from nature," he told reporters when asked by when onion prices will come down to reasonable level.

Besides stock holding limit, he said, the Centre has banned exports of onion and importing 1.2 lakh tonnes to control prices. Onion prices are ruling at Rs 70-80 per kg in retail markets across major cities.

"Stockholding limit on retailers and wholesalers are being further extended until further orders," an official statement said.

The stock holding limit was imposed in September. At present, retailers can stock onion only up to 100 quintals and wholesale traders are allowed to keep up to 500 quintals.

The decision was taken at an inter-ministerial meeting, chaired by Consumer Affairs Secretary A K Srivastava, to monitor the price and availability of onions across the country.

The consumer affairs secretary has written to chief secretaries of **all states asking them to suitably reduce the stock limits further in their states as per the availability and prices**. They have been asked to strictly enforce these stock limits and send an action taken report on a weekly basis.

State-owned MMTC informed that the **first shipment of onions from Egypt would arrive in the second week of December. The public sector trading firm has contracted imports of 6,090 tonnes of onions.** It has floated a country-specific tender.

Expressing concern over the price rise, Paswan said the situation is being closely monitored by a team of five Union ministers chaired by Home Minister Amit Shah. Finance minister, agriculture minister and road transport minister are also members of the group of ministers.

The group of ministers has already held one meeting and another one will be held soon, he said.

On November 19, Paswan had said **onion production in Kharif and late-Kharif seasons of 2019-20 is estimated to fall 26 per cent to 5.2 million tonnes due to a delayed monsoon and then excessive rains in key growing areas.**

The buffer stock of 57,000 tonnes of onions has been liquidated and therefore the Centre decided to import.

Meanwhile, MMTC has been asked to work out modalities of transportation of sealed container of onions from Mumbai port directly to FHEL facility at Rai, Sonipat in Haryana.

Agriculture Ministry in consultation with National Horticulture Board will provide an assessment about shelf-life in cold storage facility of imported onions from Egypt. MMTC has informed that onions from Turkey/Holland can be stored for relatively longer periods as compared to those from Egypt given the respective climatic conditions.

International Trade and Cooperation

Rice export prices slide to multi-year low on excess supplies, subdued demand

Business Line, November 22, 2019

Indian rice export prices fell to their lowest in nearly three years this week as fresh supplies from the summer-sown crop loom large, with **subdued global demand** also crimping exports from other major centres.

Top exporter India's 5% broken parboiled variety was quoted around $358-$362 a tonne this week, the lowest since January 2017 and down from $363-$368 the previous week.

“Export demand is negligible. New-season supplies have started in a few southern states and could rise next month,” said an exporter based at Kakinada.

Paddy rice prices have been trading below the government-set purchase price of 1,835 rupees per 100kg in many spot markets because of weak export demand, he said.

Cyclone Bulbul soaked the eastern Indian states and major coastal areas of neighbouring Bangladesh this month, damaging paddy rice crop and delaying supplies.

“This won't have a big impact on overall rice output,” said Mizanur Rahman, a senior official at the Department of Agriculture Extension.

Over the past few weeks domestic rice prices have risen in Bangladesh despite good crops and sufficient stocks. The country's Food Minister attributed the price increase to unscrupulous traders and said that stern measures would be taken against those found to be manipulating prices.

In Vietnam, meanwhile, rates for 5% broken rice were steady at $345-$350 a tonne.

“Demand remained very weak,” said a trader in Ho Chi Minh City. “No fresh deals have been clinched so far.”

Philippines fears

While the Philippines has decided not suspend rice imports, it will instead tighten food safety measures to control the entry of cheap grain that the government says is hurting incomes of local farmers.

“We are still very concerned about the Philippines' move given Philippines is the largest export market of Vietnam,” another Ho Chi Minh trader said.

Traders said that preliminary data showed that about 181,000 tonnes of rice was scheduled to be loaded at Ho Chi Minh City ports over Nov. 1-15, with most of the shipments bound for West Africa.

Thailand's benchmark 5% broken rice prices were around $394-$410 a tonne on Thursday, versus $395-$409 last week, amid muted demand as a strong baht continues to push up export prices.

The Thai government has stepped up efforts to open new markets for Thai rice, seeking deals with Iraq and Turkey, but traders say the prospect of sales remains slim because of the high prices and tougher competition.

“Overall export quantity has been reduced this year due to lack of global demand and high prices,” a Bangkok-based trader said.

“There is also more competition from the likes of Myanmar as their export capability has increased this year.”

Record paddy procurement on cards due to higher MSP, headwinds in exports

Paddy procurement in the current kharif marketing season till Thursday was 1.4 million tonnes higher than a year ago. As much as 23.5 million tonnes of paddy have been procured in the current season in Punjab, Haryana and Uttar Pradesh.

The Economic Times, November 23, 2019

CHANDIGARH**: Federal procurement of paddy is expected to reach a record high this season with lukewarm demand from private buyers forcing farmers to turn to government agencies to sell their produce at the minimum support price (MSP).**

Paddy procurement in the current kharif marketing season till Thursday was **1.4 million tonnes higher than a year ago**. As much as **23.5 million tonnes of paddy have been procured** in the current season in Punjab, Haryana and Uttar Pradesh. The procurement is yet to gather pace in Andhra Pradesh, Telangana and Chhattisgarh, where harvest begins after mid-November.

The **government has raised the MSP for paddy this season, which in turn has pushed up the commodity’s price in the local markets.** Meanwhile, **exporters, who buy paddy and export rice after processing it, aren’t active in the market, as higher supplies from other producing countries have kept prices under pressure in**

the international markets.

“Government purchase of paddy for the prevailing kharif marketing season is more than last year and the stock of rice is at an all-time high level,” said Ravinder Pal Singh, executive director for procurement at the Food Corporation of India (FCI). He **said the federal agency had rice and paddy stocks of 23.1 million tonnes and 19.6 million tonnes**, respectively, as of November 1.

The FCI had procured 66 million tonnes of paddy in the 2018-19 marketing season.

India procures paddy at MSP to ensure adequate income for farmers. The central government had increased the MSP of paddy by 3.7% to Rs 1,815 per quintal for 2019-20. For the A-grade variety, it is Rs 1,835.

The ongoing procurement exercise, which began on October 1, indicates a bumper arrival of the cereal, even as the decline in rice exports is dissuading its commercial purchase. Government procurement is set to spike in the southern states too where private buyers usually dominated the market.

“There is not much scope for a revival in exports of non-basmati rice,” said BV Krishna Rao, president of Rice Exporters Association of India, citing higher MSP in India and **supplies from other large producers like China, which he said was “dumping its stocks”. “Farmers will have to rely on government procurement as headwinds in exports will thwart private purchase**,” he said.

In Andhra Pradesh—a key contributor of rice for the country’s food security programmes and also exports—procurement is expected to increase by about 35%. “Adequate rains and better utilisation of irrigation facilities have resulted in a good crop of paddy, and procurement could rise to 60 lakh tonnes compared to 44 lakh tonnes last year,” said A Surya Kumari, vice chairman-cum-managing director of the Andhra Pradesh State Civil Supplies Corporation. “Procurement is on the rise as rice exports are hit hard, whereas farmers have grown more cereal due to (the higher) MSP,” she said.

In Punjab, a state with the highest government purchase, total procurement is expected to come close to 17 million tonnes, despite a fall in acreage, according to a senior official of the state’s procurement agency.

In Haryana, procurement has surpassed targets by double digits. “The procurement will continue till 30th November and the final tally is expected to be a record high,” a state official said.

In Uttar Pradesh, procurement had crossed 950,000 tonnes till Tuesday, compared with 600,000 tonnes this time last year. An official said government procurement could top the previous record of 4.85 million tonnes, as farmers have grown more paddy in eastern Uttar Pradesh.

Other paddy-growing states such as Telangana and Chhattisgarh too are expected to report higher government purchase this season.

US restrictions continue to hit exports of wild-caught shrimps

Allegations of lack of turtle-excluding devices in fishing nets behind ban

Business Line, November 26, 2019

The **US restrictions on wild-caught shrimps from India will continue for the time being, as the US Department of State has again denied permission for the entry of the harvested seafood variety in that market**.

The decision comes in the wake of the **recent inspection by the National Marine Fisheries Service (NMFS)** under the US Department of State to assess the wild-caught shrimp harvesting systems in India.

The **US had temporarily disallowed imports of wild-caught shrimps following reports of the absence of turtle-excluding devices in the fishing nets.** However, the NMFS has clarified that **aquaculture (farm-raised) shrimp harvested in India is eligible to enter the US market**.

India's Marine Products Export Development Authority (MPEDA) has already contested the observations of the NMFS team and placed its plea before the Commerce Ministry for further action, sources in the sector said.

The **US is the major market for Indian wild caught shrimps**. The restrictions have impacted shrimp exports, which have registered a **10-15 per cent drop in shipments. Seafood exporters from Kerala will be affected most by the ban, as they focus more on small-size shrimps such as Poovalan and Karikkadi. Their exports to the US market are estimated at $300 million per year.**

Export impact

India's **shrimp exports to the US were around ₹15,000 crore, of which the share of wild-caught shrimps was around 11 per cent**. The country's marine export basket also comprises shrimps from aquaculture farms, where species such as Vannamei and Black Tiger enjoy good overseas demand.

"We have taken up the matter with the Commerce Ministry through MPEDA to discuss the issues with the US authorities," a leading seafood exporter told *BusinessLine*. **Kerala, Tamil Nadu and Odisha have already enacted legislation mandating trawlers to install turtle excluding devices; other coastal States are expected to follow shortly**," the source said.

"Exporters have also requested the Ministry to take up the matter with the US authorities so that the catch from these three States can be exempted from the US restrictions. As an immediate measure, they have even offered to install American devices on trawlers. "We have requested the government to take up all these matters with the US authorities," the source said.

Besides, the Central Marine Fisheries Research Institute (CMFRI) has been entrusted to carry out a survey of turtle sightings on the West Coast. Turtles nest mainly in Odisha, where the State government has taken strict measures to protect the species, the source added.

According to Charles George, President of the Kerala Matsya Thozhilali Aikya Vedi, the restrictions will have a cascading effect on the State's fishery sector, as the wild-caught varieties amount to about 35,000 tonnes per year.

Of this, the majority is exported to the US.

Since the **sector is already facing a crisis, fresh restrictions will hit ancillary sectors such as processing and trawling, leading to job losses**, said George.

He alleged that it was the slowdown in the US economy that prompted the authorities to continue with the ban, as the current business environment has affected the purchasing power of people there.

Enterprises

Hatsun Agro helping Indian farmers to double their income

Agro and Food Processing, November 18, 2019

Milk yield is up, payment for milk is on time and animals have an assured source of quality feed supply from Hatsun Agro's own feed plant.

Hatsun Animal Information Service, a software that also sends out messages to farmers on the animals' status, helps keep track of veterinary services including artificial insemination.

Hatsun has tagged over 6.2 lakh milch animals that account for about 70 per cent of the cows supplying milk to the company. The rest are also being tagged. This helps to keep track of the animals' performance, including yield and health condition for delivery of veterinary care.

Payments to all farmers are being made directly into their bank accounts since 2014.

Hatsun Agro, the largest private sector dairy company in India, is on track to being a ₹5,400-crore company in the current year with its turnover in the vicinity of ₹2,700 crore in the first half.

It handles over **35 lakh litres of milk daily and has a diverse product range** — liquid milk under the brand name Arokya, the largest domestic milk brand, and Hatsun; dairy products, including curd, ghee, paneer under the Hatsun brand; and, ice creams under Arun and Ibaco brands.

In fact the **government wants to encourage private investments in dairy sector**. It sees the sector as a **key to meeting its target of doubling farmers' income**. The **livestock sector is growing at about 8 per cent per year** which is comparable with that of manufacturing and services sectors, which are growing at about 8.5 per cent. Livestock sector is one of the 'growth areas' in terms of developing rural economy and employment generation.

According to RG Chandramogan, Managing Director, Hatsun Agro Product Ltd, **66-68 per cent of the price of milk goes to farmers as procurement price which is among the highest globally. In the US dairy farmers get about 25 per cent**. Dairy farming is a crucial source of liquidity to farmers with predictable cash flows.

Swiggy to invest Rs. 75 crore to expand network of cloud kitchens across the country in two yrs

Agro and Food Processing, November 22, 2019

To **expand its network of cloud kitchens** across the country, the food delivery major Swiggy is going to **invest Rs 75 crore over two years**. So far, Swiggy has spent about **Rs 175 crore towards opening 1,000 cloud kitchens in over a million square feet of space, across 14 cities.**

Swiggy, is the biggest network of cloud kitchens owned by a single player. Zomato has around 650.

Two years ago, it started Swiggy Access, an effort where **Swiggy would take up real estate on lease, refurbish it into small shared kitchens and sub-let it to restaurant chains**. These are **delivery-only cloud kitchens and help restaurants service areas where they do not have a presence without having to invest in the infrastructure on their own.**

Going forward, it expects to launch more cloud kitchens, especially in tier II cities like Guwahati, Tirupur, Bareilly, Surat and Kochi.

Vishal Bhatia, chief executive office, New Supply at Swiggy, stated that Swiggy has always maintained that cloud kitchens will be the future of food delivery.

"Very soon, **India will have the second-highest number of cloud kitchens in the world, only next to China**. The milestone of Swiggy successfully creating over 1000 partner kitchens shows the faith the restaurant partners have in the concept and bolsters our pioneering efforts in enabling more success stories in the restaurant ecosystem," said Bhatia.

Cloud kitchens is the new hot area in food-tech, with major firms going after it to better satisfy consumer demand and increase earnings for restaurant partners. Last month, it was reported the Uber founder Travis Kalanick's new firm City Storage Systems is building an India team and may soon launch delivery-only kitchens here.

Through the cloud kitchen model, Swiggy said it is able to bring quality restaurants across India. For instance, it helped launch Buhari and Kumarakom from Chennai in Coimbatore, Biryani Blues from Delhi in Chandigarh, and NIC Natural Ice Cream from Pune in Chandigarh and Jaipur.

Raymond Andrews, founder of Biryani Blues said the cloud kitchens have been "a good way for us to expand quickly into newer territories not just in Delhi-NCR but also to Chandigarh. In the six years of our existence, I have found (Swiggy) Access to be the easiest way to expand my brand.

Mansoor Ali, director at Meghana Foods, a popular biryani restaurant in Bangalore also added that Swiggy Access has helped us expand easily by eliminating obstacles like rent, logistics, customer acquisition and market fit.

Swiggy has partnered with over 250 restaurants. It said one out of three restaurants who partners, typically goes in for a second or a third cloud kitchen. In the process, Swiggy said it has created 8,000 direct and in-direct jobs in the restaurant industry.

Swiggy Access has helped grow restaurant businesses, deliver unmatched customer experience and created employment opportunities in metros as well as tier 2 and 3 cities. Founded in 2014, Swiggy claims to work with 50,000 restaurants in more than 50 cities in India.

In December last year, it raised a mammoth $1 billion round from Nasper and Tencent that launched it into a growth phase. Swiggy has since been investing in technology, increasing penetration in tier II and tier III cities and towards promotional offers to hook the consumer base.

Canada's AGT look for stable policies, to enter and do business in India

Agro and Food Processing, November 25, 2019

AGT Foods, one of the **largest producers of pulses and staple food in the world**, is ardent **to invest more than $500 million in India only if the country offers a stable policy regime** and modernises its agriculture.

Murad Al-Katib, CEO of AGT Food and Ingredients stressed that a predictable, stable trade regime is important to unleash the money to be invested into the sector.

The Canadian agri-commodity company backed by private equity firm Fairfax hopes that Prime Minister Narendra Modi **relooks at the quantitative restrictions and tariffs imposed on commodities like pulses.**

Calling for lifting import restrictions on pulses, Al-Katib said the country needs to ensure supply to have sustainable food processing in pulses. "But the local crop has a production problem because the monsoon is off.

"**We can't have government policy only allowing import when there is no local crop**."

It is these tariffs that have come to hurt companies like AGT, said Al-Katib who is also the founder of AGT.

It is understandable that India needs to protect the domestic agriculture industry, he said. However, **to make direct investment in food processing multinational companies like AGT look at a flexible business environment where companies have ability to import, process, export, and reinvest**, Al-Katib said. They need **a policy that allows foreign companies to look not only at domestic market but the opportunity to export**.

Elior launches El Chef, a digital initiative for food at the workplace

Business Line, November 29, 2019

Elior India, claimed to be India's largest pure play food services company, on Wednesday announced the launch of **El Chef - a new to industry, pioneering digital initiative for food at the workplace**. The new platform allows employees **to create their favourite menus, monitor order updates and history, check out weekly menus and plan meals based on their specific needs**.

Information about allergens, the total calorie value of the meal, and e-invoices are also readily available on the platform. In addition to this, **all modern payment gateways** like online wallets, credit/debit card and UPI are enabled on this interface to allow users a seamless transaction experience without any promotional interventions.

At the launch, Philippe Guillemot, CEO, Elior Group, said, "Innovation is an essential component of Elior Group's corporate mission. It is a part of what we are and what we want to become: a responsible player in the everyday lives of the people we serve. The group's passion for innovation covers not only food and services but also technology. With a unique application like El Chef, Elior India is set to make a lasting impression in the food services industry. The group is proud to have El Chef as part of its repertoire and excited to be here with Elior India on this momentous occasion."

"Many working professionals tend to skip their meals or simply have no time for it. An in-house food ordering app like El Chef can help during challenges like stringent deadlines, extended meetings, and other such issues faced by employees in the corporate sector. El Chef is a first-of-its-kind digital initiative by a food services company that will not only act as an extensive menu planning and ordering platform, but will also help us track

consumer's consumption preferences, understand food trends amongst employees better, offer healthy options according to taste, and help us serve our customers better. **With El Chef, we will also be able to reduce food wastage more effectively as part of our sustainability goals within India**," said Sanjay Kumar, CEO & MD, Elior India.

The **company entered India in 2017 through two simultaneous acquisitions – Megabite and CRCL** – with the aim to provide and transform the food experience of employees at the workplace. The company remains bullish on the Indian market and will continue to invest in it as and when the right opportunities come up. The mix will **include investments in technology platforms, core assets, infrastructure and of course bolt-on acquisitions to complement the existing portfolio. After having recently invested in setting up production facilities in Delhi, the company now serves more than 200,000 meals per day with over 4,500 employees utilising state-of-the-art technologies** in the day-to-day operations with best in class safety standards.