

News Brief

19 – 25 September 2020

Agriculture

[Farmers from more States across the country have joined the protest against the agricultural bills on liberalization of agricultural produce marketing regulations, contractual farming and essential commodities.](#) The protest by a number of farmer groups, most of them affiliated to the *All India Kisan Sangharsh Coordination Committee* (AIKSCC), has been the strongest in Punjab and Haryana, and widespread in States such as Karnataka, Rajasthan, Tamil Nadu and Uttar Pradesh. However, States such as Gujarat have seen weak protests. Farmers fear that the new agricultural bills will do away with the Minimum Support Price given by the government and they will be left at the mercy of big corporates. The farmer body AIKSCC has demanded that a bill that provides legal guarantee for remunerative minimum support price to all farmers should be brought in.

[Following the resignation of Minister of Food Processing Industries Mrs Harsimrat Kaur Badal, Minister of Rural Development, and Agriculture and Farmers' Welfare, Mr Narendra Singh Tomar, has been assigned the charge of the Ministry of Food Processing Industries as well.](#) Mrs Badal had resigned in protest against the passing of farm bills by Lok Sabha.

[The government has raised minimum support prices \(MSP\) of the rabi, or winter-sown, crops by up to 6.3%.](#) The announcement has come a month before the usual time this year as the government wants to reassure the farmers that the new agricultural reforms will not do away with the MSP, as feared by many farmers. The MSP of wheat has been increased by 50 rs to 1975 rs a quintal and that of barley by 75 rs to 1600 rs per quintal. Masoor dal (lentils) and Mustard/rapeseed have recorded the highest increases of 300 rs and 225, taking their MSP to 5100 rs and 4650 rs per quintal respectively.

[The government has set foodgrain production target at a record 301 million tonnes for the 2020-21 crop year,](#) nearly 1.5 % more than previous year's output, on account of good monsoon rains and higher acreage in the kharif season. 296.65 million tonnes of foodgrain was produced in the 2019-20 crop year. Rice production target has been fixed at 119.6 million tonnes in 2020-21 as against 118.43 million tonnes output in the last year and that for wheat has been set at 108 million tonnes as compared to 107.59 million tonnes. Pulses production target has been fixed at 25.60 million tonnes, up from 23.15 million tonnes output in 2019-20, while that of oilseeds was set at 37 million tonnes as against the estimated output of 33.42 million tonnes last year. Coarse cereals output target is almost flat at 47.80 million tonnes as against 47.48 million tonnes in the previous year. Kharif sowing during this year up to September 11 stood at 111.3 million hectares, which is 4.6 million hectares more than normal.

[Export of onions from India was banned by the government on September 14 to control prices and to increase the domestic supply. However, despite the ban, onion prices continue to rise in India.](#)

Having increased by 20% to 30% since exports were banned, onion prices are expected to increase till December as excess rainfall damaged and delayed the kharif harvest in the key growing states. From June to October, India consumes onions from stored stocks, while the new arrivals of the kharif crop that start coming from the southern states, supplements the stocks from August. Any disruption in arrival of new crop due to rains at the time of harvest, always leads to rise in prices during August/September.

[CropLife India, an association of 15 research and development driven crop science companies, has expressed concern at the recent proposed move of the government to double Customs duty on agrochemical formulations to 20 %.](#) They have said that it will increase the cost of farming and non-availability of innovative products, thereby affecting farmers. CropLife India is of the opinion that the decision is based on misleading information on the formulation imports. Imported pesticide formulations constitute EUR 210 million, which is hardly 20 % of total agrochemicals imported in India. The proposal to enhance Customs duty on formulated products will reduce 'Ease Of Doing Business', and send out wrong signals to investors in this sector. It will also not lead to an increase in local manufacturing; while hurting the farmers' interest.

Trade

[The government has reduced the basic customs duty on lentil \(masoor dal\) from 30% to 10% for exporting countries other than the US for the period from September 18, 2020 to October 31, 2020.](#) For import of lentils from the US, the duty has been decreased from 50% to 30%. The decrease is aimed at increasing the availability of lentils in the domestic market. The import duty had also been reduced in the month of June by 20 % but was restored to the previous level from September 1. The lentil output is estimated to have declined to 1.18 million tonne in 2019-20 (July to Jun) from 1.23 million tonne in 2018-19 crop year. India, the world's largest consumer and importer of pulses, had imported 2.5 million tonnes of pulses in FY 2019/20, of which 850,000 tonnes was lentils. The imports of lentils are expected to rise to 1 million tonne this year, although the total pulses imports may come down to 2 million tonnes.

[Days after announcing the sudden ban on export of onions in order to increase domestic supply and reduce the prices, India has allowed the export of onions lying on ports in transit to all countries including Bangladesh.](#) This development comes after Bangladesh, which is dependent on imports from India, expressed a "deep concern" over India's decision. The decision had increased the prices of onions in Bangladesh. Apart from this, hundreds of Bangladesh-bound onion trucks were stranded at various ports and land borders in West Bengal.

[India's import of urea increased 22 % from 7.5 million tonnes in FY 2018-19 to 9.1 million tonnes during FY 2019-20.](#) In value terms, it increased from USD 2,040.14 million in 2018-19 to USD 2,302.95 million in 2019-20. However, imports of DAP (Di-ammonium phosphate) declined to 4.9 million tonnes in 2019-20 from 6.6 million tonnes in the previous year. In order to reduce the dependency on imports and to boost domestic production, the four urea plants with a per annum capacity of 1.27 million tonnes each will be revived.

Food Safety

[FSSAI has published a Draft Notification on Food Safety and Standards \(Packaging and Labelling\) Amendment Regulations, 2020, prescribing the revision of label declaration on the package of food which is permitted to contain sweetener.](#) Any objections or suggestions may be sent to the FSSAI before 18 November 2020.

[FSSAI is planning to make fortification mandatory for edible oil and milk in the next few months.](#) The regulations will apply to all food and beverage companies dealing in edible oil and milk within organized food sector in India and will allow for higher levels of fortification to provide 30% to 50% of the Recommended Dietary Allowance (RDA). It is also planning to focus on fortification of staples such as rice, wheat and salt in the open market. Fortification of these products during the milling and processing stage has been mandated since 2018 in the food distributed via India's public food

distribution systems (PDS), like in government schools, *anganwadis* for feeding mothers or children under six years of age, but this has not made it to the open market yet. All products that are fortified as per the standards laid out by FSSAI will be able to get a license and the '+F' endorsement, a logo and brand to help consumers recognize certified fortified foods.

[FSSAI has banned blending of mustard oil with any other cooking oil with effect from October 1, 2020.](#) Blending of two edible oils is permitted by FSSAI, provided the proportion by weight of any edible vegetable oil used in the blending process is not less than 20%. However, to facilitate manufacture and sale of pure mustard oil for domestic consumption, the government has directed the FSSAI to ban the blending of mustard oil. The licensed producers of blended edible vegetable oil with mustard oil have been directed to sell their existing stocks of mustard oil/mustard seeds or any other edible oil as unblended cooking oils and have also been asked to get their FSSAI licenses modified.