

## News brief

July 25 – July 31, 2020

### Government Aid and Policies

[As of 24<sup>th</sup> July 2020, EUR 10.2 billion has been sanctioned by banks to about 11.2 million Kisan Credit Card \(KCC\) holders to help farmers meet finances for the ongoing sowing and allied activities.](#) In May, the government had announced EUR 22.7 billion of concessional credit through KCC to 25 million farmers, including fishermen and those involved in animal husbandry, as part of the EUR 238 billion economic stimulus package.

[The government has procured record quantities of 38.97 million tonnes of wheat and 50.5 million tonnes of rice in 2019-20.](#) Although wheat procurement was a little short of the target of 40.7 million tonnes, rice procurement was 21% more than the target. The high procurement is significant as it has allowed the government to inject money in the farm sector and help farmers through the pandemic. Higher procurement normally creates storage problems in India but free distribution of grains under the *PM Garib Kalyan Ann Yojana* (PMGKY) to 810 million beneficiaries till November has created enough space for the procured grains.

[The Centre, in collaboration with the World Bank, has decided to convert more than 300,000 hectares of area in Gwalior-Chambal belt of Madhya Pradesh into arable land.](#) A preliminary report for the same will be prepared in a month and subsequent meetings will be held with the chief minister of Madhya Pradesh for further course of action. This project will help in improving agricultural development and environment and create employment opportunities and lead to substantive development of the region.

### Covid-19 Impact and emerging trends

[Indian consumers are increasingly preferring hard spirits such as vodka, rum and whiskey over beer](#) as it is bulkier to transport, has a shorter shelf life and needs to be stored in refrigerators before consumption, thus making its consumption complicated in many Indian households. Even home delivery/ecommerce models introduced recently in states such as Maharashtra, Odisha and West Bengal have not been able to increase sales as outlets prefer to deliver spirits instead of beer due to its bulky packaging. Within liquor, beer segment has been the hardest hit since it also has a higher portion of on-trade or outside consumption at restaurants and bars, still closed due to Covid-19. Before the pandemic, India was one of the largest beer markets and consumed about 340 million cases per year (at 7.8 litres per case).

[Sugarcane growers in southern India are increasingly opting for harvesting machines as they fear the coronavirus crisis will prevent the migrant workforce from returning in time for the October harvest.](#) Over 200 new harvesting machines costing over EUR 114,000 each have been ordered in the sugarcane belt. Maharashtra, the country's second-largest sugar producing state, employs close to 1 million

migrant labours every year to help in sugarcane harvesting. Neighboring States of Karnataka, Andhra Pradesh and Telangana also hire thousands of workers in their sugarcane fields. Most of these labourers went back to their homes during the lockdown due to unavailability of work and income. As the conditions remain uncertain about their return, sugarcane farmers are moving towards harvesters. Many sugarcane growing states are extending subsidies to sugarcane harvesters under *Rashtriya Krishi Vikas Yojana* (RKVY) scheme.

## Trade

[India's rice exports have slowed down due to limited availability of containers and workers at mills and the biggest handling port on the east coast after Covid-19 cases increased in the region.](#) The eastern port of Kakinada accounts for more than a quarter of India's rice shipments but the vessel loading rate there has gone down by nearly 30% due to increased number of Covid-19 cases and reduced labour. The demand for Indian rice remains strong as it is cheaper compared to other producers, however, logistical problems may bring down the exports. Slowing shipments from the world's biggest rice exporter could allow rivals like Thailand and Vietnam to raise supplies in the short term, and also carries the potential to push up global prices.

## Other News

[Saffron grown in Kashmir has received the geographical indication \(GI\) tag, a step which is expected to fetch better prices for the authenticated saffron and curb adulteration of Kashmir saffron.](#) Kashmir is expecting bumper crop of Saffron this season due to initiatives taken by the National Mission on Saffron (NMS). Under the NMS, a project of EUR 47 million was approved by the Union government under which an area of 3,715 hectares for saffron was proposed to be rejuvenated. An area of 2,500 hectares has already been rejuvenated. Sprinkler irrigation systems are also being installed in saffron fields and are likely to be completed by mid-August.

[Potato prices have gone up by 40% in the last one month in major cities due to short supply and an increased demand.](#) In Mumbai, a kg of potato is selling for Rs 35-45, while in Delhi and Kolkata prices are between Rs 30-40 per kg. Prices are expected to stay high till November when the new crop starts coming in. Uttar Pradesh is the biggest producer of potatoes and produces 15.5- 15.8 million tonnes of potatoes annually. However, untimely rains in the beginning of this year impacted the potato crop, leading to a crop loss. In West Bengal, the second largest potato producer, prices have shot up as there has been a production shortage of nearly 1.4 million tonnes, with the State producing 8.6 million tonnes of potatoes this year.

[The US, EU, Canada, Brazil, Japan and Paraguay have questioned India for invoking the World Trade Organization \(WTO\) peace clause for exceeding the ceiling on support it can offer its farmers for rice.](#) Around 25 questions in relation to India's reporting methodologies and the trade impact of the support have been raised at the WTO.

The food subsidy ceiling is set at 10% of the value of food production for developing countries. Apprehending that full implementation of food security programme may result in breach of the WTO

cap, India has been seeking amendments in the formula to calculate the food subsidy cap. As an interim measure, the mechanism called Peace Clause was put in place at the Bali ministerial meeting in December 2013 to protect a developing country's food procurement programmes against action from WTO members in case subsidy ceilings are breached. India invoked the peace clause for breaching the subsidy limit for rice for marketing year 2018-19 and informed the WTO in April that the value of its rice production was \$43.67 billion in 2018-19 and that it gave subsidies worth \$5 billion. At the meeting of General Council of WTO on July 22-23, India has requested the members of WTO to constructively engage in negotiations for a permanent solution to public stockholding for food security purposes.

[During a recently-held webinar on Development of Indian Dairy Sector, the Ministry of Animal Husbandry identified five investment opportunities valued at EUR 14 -16 million in dairy for the private sector.](#) It includes production and supply of affordable compound cattle feed, enhancing chilling infrastructure by setting up new Bulk Milk Coolers, setting up processing infrastructure, enhancing processed milk distribution capacity, and enhancement of Direct to Consumer (D2C) milk supply across top consumption hubs.

## **Enterprises**

[Danone India, in collaboration with Confederation of Indian Industry \(CII\), launched the fourth edition of The Protein Week, celebrated annually from July 24 -31.](#) The objective was to raise awareness about the importance of protein and educating people about maintaining good health through nutrition. Danone also announced that they are committed to addressing local public health challenges through product innovation and solutions. They have developed a first-of-its kind immuno-nutrient calculator, which helps people assess the intake of nutrients in their daily diet that support immunity and enables them to take necessary steps to improve their nutrient intake.

[Mother Dairy, a leading milk supplier in the National Capital Region of Delhi has entered the bread segment with the launch of three types of bread.](#) It is part of its strategy to further diversify business and double its revenue to EUR 2.8 billion by 2025. Mother Dairy sells over 3 million litres of milk per day in Delhi-NCR. It sells fresh fruits, fresh and frozen vegetables, pulses and honey through around 400 Safal outlets and is also present in organic business and edible oils. Mother Dairy was commissioned in 1974 under 'Operation Flood' initiative, world's biggest dairy development program, as a wholly-owned subsidiary of the National Dairy Development Board (NDDB).