

News Brief

10 – 16 October 2020

Government Aid and Policies

[The Uttar Pradesh government has fixed a target of upgrading 38,000 small food processing units in the unorganized sector in the next five years.](#) It will be carried out under the centrally sponsored PM Formalisation of Micro food processing Enterprises Scheme (PM FME Scheme) and will provide financial, technical and business support to the existing micro food processing enterprises. The scheme, released as part of 'Atmanirbhar Abhiyan' (self-reliant program), provides credit linked subsidy of 35% up to a maximum of INR 1 million (EUR 11,630) of the total project cost. The beneficiary would be required to pay 10% of the project, while the rest of the cost may be through loans from banks. Besides, the self-help groups (SHGs) and cooperative societies would be provided INR 40,000 (EUR 465) as an initial working capital. The food products manufactured under One-District-One-Product (ODOP) or those which have a low shelf life would be given the priority. The government also plans to set up five agro-processing clusters in 5 districts of the State.

[Kerala Panchayat Department has issued guidelines for local bodies to take up organic farming and production of pesticide-free vegetables.](#) With the objective of achieving self-sufficiency in agricultural production within the next five years, the local bodies have been directed to promote sustainable farming under the Subhiksha Keralam scheme through Krishi Bhavans, agricultural research institutions, farmer producer organisations (FPOs) and other agricultural agencies. The scheme is a comprehensive programme to boost food production under the local self-government mechanism. It aims at bringing an additional 25,000 hectares under farming in the State, converging the activities under various departments such as Animal Husbandry, Dairy Development, Horticulture and Fisheries. The National Bank for Agriculture and Rural Development (NABARD) has earmarked INR 25 billion (EUR 291 million) for the project.

[Telangana, which regulated its cropping system recently, had asked its farmers not to grow maize in the kharif season \(monsoon crop\) and is likely to continue the no-maize policy in the rabi season \(winter crop\) as well due to its low demand and glut in the market.](#) The State, which grows maize on 0.40 to 0.49 million hectares in the kharif season, had gone for only 81,000 hectares under maize. There are huge stocks of maize at 35.3 million tonnes in the country and India needs about 24.2 million tonnes, leaving a surplus of 11 million tonnes. Moreover, the government has also allowed the import of 500,000 tonnes of maize at a reduced duty of 15% from 50 % earlier, which is bound to affect maize farmers. Government officials are therefore dissuading farmers from growing maize in the state, and have said that maize farmers may not even get the Minimum Support Price for their produce.

[The Ministry of Food Processing Industries \(MoFPI\), through Indian Railways, will be giving a subsidy of 50% on transportation of notified fruits and vegetables through Kisan Rail trains under the 'Operation Greens – TOP to Total' scheme.](#) Aimed at ensuring fast transportation of agricultural supplies across the country, the first Indian Railways' Kisan Rail train was flagged off in August this year from Maharashtra to Bihar for transportation of perishable items with refrigerated coaches. Under the Operations Green scheme, the ministry provides subsidy at 50 % of the cost for transportation of eligible crops from surplus production cluster to consumption centres and for hiring of appropriate storage facilities for eligible crops (maximum period of 3 months). In June, the Ministry had extended the Operation Greens Scheme from Tomato, Onion and Potato (TOP) to all fruits and vegetables (TOTAL) for a period

of six months on a pilot basis as part of the Centre's Aatmanirbhar Bharat Abhiyan or Self-reliant India program.

Industry

[The poultry industry, which suffered losses of about INR 300 billion \(EUR 3.49 billion\) during the early phase of pandemic, has said that it can recover the losses if the present demand for eggs and chicken continues till February-March 2021.](#) The demand for poultry products had fallen steeply in March after rumours spread that poultry could cause the coronavirus. However, demand picked up again as the rumours were proved baseless. The industry has now asked for access to funding. There are also issues related to feed as the feed cost comes around 80 % of the total cost of production and the industry needs timely measures to rein in the prices so that it remains globally competitive.

[International Cotton Advisory Committee \(ICAC\) has said that India may be the only major producer of cotton to see a rise in its production at a time when the global cotton output is expected to decline.](#) The global production estimate for the season 2020/21 has been brought down by 5% to 24.6 million tonnes. The estimates have been lowered for almost all major producers except for India where production is expected to increase to 6.2 million tonnes from projected output of projected output of 6.07 million tonnes last year, due to an increased area under cotton. This is expected to support the Indian cotton industry as global consumption is expected to rise, providing additional opportunities for exports to India. The Cotton Association of India (CAI) has, however, expressed fears of losing the export opportunity due to the current higher domestic prices and Minimum Support Price announced by the government. The outlook is expected to be clearer in a month's time.

Food safety

[FSSAI notified in the gazette of India, the Food Safety and Standards Food Products Standards and Food Additives - Eighth Amendment Regulations, 2020](#), related to the provision of additional additives (sorbitan monostearate) and microbiological requirements for spices. Also notified in the gazette were the [Food Safety and Standards \(Advertising and Claims\) First Amendment Regulations, 2020](#) related to claims for edible vegetable oils. The two amendments came into force from 9th October 2020 and Food Business Operators will be required to comply with all the provisions of these regulations by 1st July, 2021.

[The FSSAI has clarified that the requirement of non-GM origin cum GM free certificate accompanying imported food consignments is presently applicable only to specifically mentioned 24 food crops in the order and not to processed food products in general.](#) Some of the food crops that would require a non-GM origin cum GM free certificate are: apples, maize, plum, potato, safflower, wheat. On 21st August 2020, FSSAI had issued an order stating that every consignment of imported food products would have to be accompanied with a non-GM cum GM free certificate issued by the exporting country's competent national authority, effective from 1st January 2021.

Other News

[Cases of viral lumpy skin disease \(LSD\) in cattle have been reported in a dozen big Indian states, raising concerns among the dairy farmers.](#) The disease, caused by the pox virus, causes chronic

debility in the affected animals, reduced milk production, poor growth, infertility and abortion in cattle and is believed to be spreading through blood feeding insects. The disease has been reported from Odisha, Karnataka, West Bengal, Chhattisgarh, Jharkhand, Assam, Maharashtra, Madhya Pradesh, Kerala, Tamil Nadu, Telangana and Andhra Pradesh. However, the National Dairy Development Board (NDDB) has not seen any significant impact on milk production so far but the spreading infection would result in higher costs for farmers and an increased use of antibiotics. NDDB has already started spreading awareness on managing the disease in affected animals using traditional and ayurvedic veterinary medicine preparations but there is no specific vaccine available for the disease currently in India.

[India's retail inflation based on Consumer Price Index \(CPI\) has increased to its highest at 7.34% in eight months in September, mostly because of rising food prices.](#) Food and beverages sector saw inflation at 9.73% in September against 8.29% in August, driven by increased transportation costs and disruptions in the food supply chain. Vegetable prices inflated to 20.73% in September compared with 11.4% in August, with potato inflation rising to 101.98% and tomato to 54.58% in September. Inflation in fruits stood at 3.21% against 1% last month. Inflation in the meats category was at 17.6% compared with 16.5% in August, while that for pulses stood at 14.67% against 14%. Inflation in beer was at 26.5% compared to 26.7% last month. Analysts expect the high food inflation to be transient with kharif crop (monsoon crop) arrivals in market to initiate a downward trajectory, however, the average inflation rates for financial year 2020-21 will remain high.