

News Brief

July 18 – 24, 2020

Monsoon and Kharif sowing

[India's cumulative rainfall surplus has fallen over the month of Jul-20, but remains in the 'above normal' range at 107% of LPA \(long period average\) as of 21st Jul-20.](#) The primary reason has been the deterioration in the pace of rainfall activity in Northwest region, which had led to a deficit of 17% in the region. Spatially, of the 36 sub-divisions in India, 28 have received normal to excess rainfall, with only 8 subdivisions having received deficient rainfall, 5 of which are concentrated in the Northwest. Total area sown under Kharif crops, as of 17th July, stood at 69.2 million hectares, a growth of 21.2% over the corresponding period last year. Area under rice, cotton, oilseeds, pulses and sugarcane has increased. [Agriculture-based industries like yarn, textiles, dairy, sugar and soyabean processing are seeking government incentives to increase exports](#), as domestic demand has remained low and a bumper kharif production is expected.

Government Aid and Policies

[The government has allocated EUR 73.32 million for the cultivation of seaweed, as part of the EUR 2.3 billion Pradhan Mantri Matsya Sampada Yojana, a fisheries scheme](#)—to be spent over the next five years, mainly as subsidy support. It is estimated that the world produces 33 million tonnes of seaweed, of which 50% is from China, and India produces only 20,000 tonnes but has a potential to produce at least a million tonnes. The Ministry of Fisheries is seriously pursuing this opportunity which can give employment to 600000-700000 people. India has around 60 commercially important seaweed species, but only a few—*Kappaphycus*, *Sargassum*, *Gracilaria* and *Geleidiella*—are being exploited on a small scale currently. Bay of Bengal Program, an organization set up under the auspices of FAO to develop fisheries in the countries around the bay, has suggested that knowledge base of which species can grow where needs to be created.

[The Ministry of Food Processing Industries \(MoFPI\) has invited bids from potential investors and promoters for agro processing clusters.](#) The bids are now open for General Category promoters, which was earlier exclusive for the Scheduled Caste, Scheduled Tribe and North Eastern Region. [The last date for submission of the bid is August 31, 2020 through their online portal.](#) The scheme of agro processing cluster aims at development of modern infrastructure and common facilities to encourage group of entrepreneurs to set up food processing units based on cluster approach by linking groups of producers, farmers to the processors and markets through well-equipped supply chain with modern infrastructure.

Trade

[The import of oilmeals in India has risen 70% in 2019-20 because of a growing demand, stagnant local](#)

[production and lower duty shipments from some African countries.](#) The imports increased to 1,142,902 tonnes (valued at EUR 367 million) in 2019-20 from 670,709 tonnes (valued at EUR 292 million) in 2018-19. India imports oilmeal for use as animal feed and has seen a stagnant local production but an increasing demand from the feed industry which is growing at 8-10% annually. Although the current duty on import of oil bearing material is 19.6%, large quantities of oilmeals are being imported from some African countries at low duty under trade agreements.

[Following government's decision to restrict import of power tillers and its components, Power Tiller Association of India \(PTAI\) has urged the government to reconsider its decision](#) as it may lead to closure of many companies. Many companies have been importing and assembling power tillers for decades and have built their reputation for supplying quality tillers across the country along with service infrastructure. Very few Indian companies manufacture components like engine, transmission and chassis and the rest of the industry depends on components from other countries. The Association which is supportive of the Self Reliant India Program, is open to the idea of import substitution of tillers in a phased manner as setting up of manufacturing units in India would take two-three years.

[The import of Chinese products in India, including that of Chinese plums, has been stopped due to geo-political conflict between India and China. India is now turning toward Spain for plum imports.](#) Spanish plums have lost a large part of Brazilian market this year and are looking forward to tapping the Indian market.

[Commerce and Industry Minister Piyush Goyal has said that import of wood at affordable rates with no import duty and with simple processes can help promote domestic manufacturing of furniture.](#) India, imports furniture and is looking at increasing manufacturing in the country and tapping the export market. The Minister said that wood is not sufficient in India and affordable and easy wood imports would help the domestic manufacturers. A furniture cluster is being planned near a port for manufacturing at large scale which can meet domestic as well as global requirements.

Food Safety

[The Food Safety and Standards Authority of India \(FSSAI\) has asked the state food safety departments to enhance surveillance and enforcement activities to prohibit sale of health supplement and nutraceuticals products containing Para Amino Benzoic Acid \(PABA\).](#) The FSSAI had banned PABA in 2018 but has been receiving complaints that the supplement is still being used.

Covid-19 Impact

[Farmers' organisations across Maharashtra have started agitation to get remunerative milk prices for the producers as farm gate prices have fallen to Rs 17/litre from Rs 30-35/litre before the lockdown.](#)

The organisations have demanded a subsidy of Rs 10/litre to be paid directly to the farmers' bank account, and an incentive of Rs 50/kg for export of milk powder. The dairy industry has also demanded immediate halt on the milk powder imports as the government has allowed import of 10,000 tonnes of milk powder at 15% tariff. It comes at a time when the country has huge stocks of milk powder as large dairies have converted the excess milk into milk powder, as there is a reduced demand of milk owing to the covid-19 lockdowns.

[Vegetable farmers are switching to cereal and sugar cane cultivation after facing difficulties like transportation and marketing of vegetables in the last few months](#) due to the Covid-19 induced lockdown. There has been a 20-30% drop in sales of vegetable seeds and tomato cultivation is expected to take a major hit. Small and medium seed companies are also suffering and have been forced to restructure, lay off employees or close down altogether.

[The seafood exports from Kerala have been hit as Covid-19 cases are rising and a lockdown has been put in place in the coastal areas of the State](#). The operations in fish processing units have been suspended due to the lockdown. This comes at a time when there is a rising demand from overseas markets like the US and Japan.

Other News

[About 2.4 million kg of illegal Herbicide Tolerant \(HT\) Bt cottonseeds worth EUR 34 million are in circulation in Andhra Pradesh, Telangana and Maharashtra, accounting for 15-20 % of total cotton cultivation](#). The National Seed Association of India (NSAI) has said that illegal players selling HTBt seeds are causing a huge loss to the legal cottonseed players. Moreover, illegal HT seeds are contaminating breeding material and parent lines of the legal seed companies, and State governments are taking action against these companies if HT genes are found even in a few lots of seeds. NSAI has asked the central government to take action against companies marketing the illegal HTBt cotton seeds. Meanwhile, an apex body of farmers in Maharashtra - Shetkari Sanghatana, called for a 'civil disobedience' movement by sowing HTBt cotton to protest against the Centre's ban on GM crops. This movement was launched last year and over 1,000 farmers had participated in it.

[Prime Minister Narendra Modi has appealed to the farmers in the North-Eastern States to take up oil palm cultivation with an aim to make India self-sufficient in edible oils](#). The State governments of N-E region have been recommended to set up oil palm missions in their respective States to promote cultivation of the oilseed. With a domestic edible oil demand of 22 million tonnes per year, India imports about 15 million tonnes, of which nearly 9 million tonnes is palm oil. As per an estimate, the North-East region has about 2,80,000 hectares of land potential for oil palm plantations but only 30,000 hectares are covered.

[Cotton industry associations have alleged that the United States Agriculture Department's \(USDA\) excessively high estimates of carry over cotton stock in India is a misleading portrayal of India's cotton market in the international market](#) and have artificially depressed the prices of Indian cotton in the international markets. Indian cotton, which, on an average, used to trade at a premium of about 200 points on ICE (Intercontinental Exchange), is currently trading at a discount of over 600 points. According to USDA's estimates, India should have about 20 million bales (1 bale of 170 kg) as on September 30, 2020. However, Cotton Corporation of India (CCI) and Cotton Advisory Board (CAB) have estimated around 5 million bales. [The high cotton estimates have depressed the domestic cotton prices which are 16% below the international rates](#) and may fall further due to weak demand and increased sowing this season. The industry wants the government to look into the matter and ask USDA to take cotton production and cotton consumption and stock figures estimates from CAB.