

News Brief

September 12 – 18, 2020

Agricultural Reforms

[Union Minister for Food Processing Industries Harsimrat Kaur Badal resigned from the Union Cabinet to protest against the farm bills](#) passed in the lower house of the parliament on 17th September to replace ordinances promulgated on June 5, 2020. These agricultural reforms related to liberalization of agricultural markets and contractual farming and essential commodities were announced by the Modi government in May 2020. They initially received opposition from traders in August in the states of Maharashtra, Punjab, Haryana and Rajasthan. However, over the last two weeks, farmers from Congress led Punjab have joined in the protest. Shiromani Akali Dal (SAD), a political party of Punjab has also opposed the reforms. Mrs Badal who is part of the SAD, has therefore resigned to show her solidarity with the farmers of the State. [One of the bills 'Farmers' Produce Trade and Commerce \(Promotion and Facilitation\) Bill, 2020'](#) allows the farmers to be free from the constraints of the mandi system and sell their produce to anyone and anywhere. However, farmers fear that they would be at the mercy of big corporates to decide the prices as the Minimum Support Prices (MSP) will cease to exist. The BJP government has assured that the [MSP will continue to be implemented](#).

Government Aid and Policies

[The government has set up a high-level committee to prepare a roadmap for regularisation of land leasing in the agriculture sector](#). This would help in defining the rights of landless farm workers who miss out on welfare benefits such as income support under the PM Kisan scheme. The committee will be headed by the secretary of the department of land resources under the ministry of rural development, and will submit its report to a group of ministers (GoM) which was set up in November last year for examining the draft Model Agricultural Land Leasing Act, 2016. The draft had been prepared by Niti Aayog and was opposed by the ministry of rural development which feared that it would lead to loss of farm income in the current form. A final decision on the legislation would be taken up at the highest level in the government after the committee prepares its report.

[Air pollution from burning of paddy harvest residue in Punjab and Haryana is likely to fall this year as the government is aiming to provide more machines for fields at discounted rates](#). The crop residue burning has been a major source of pollution in northern India and will start by the end of this month. Farm fires in Haryana fell 60% last year, and the target is to stop the practice completely this year. Opening of more custom hiring centers, subsidy for machines to farmers and awareness programmes are being organized to this end.

[Minister for Chemicals and Fertilizers Sadananda Gowda said during a webinar held recently that India will be self-reliant in the production of fertilizers by 2023](#) as new fertilizer manufacturing units will be

setup with an investment of EUR 4.6 billion to reduce dependency on import. The government is encouraging the production of organic and nano fertilizers as they are 25 to 30% cheaper and give 18 to 35% higher yield.

Monsoon, Kharif sowing and Locust Situation

[Till 17 September, the country has received 7% surplus rainfall.](#) 52% of the total area has received normal rainfall, 29% excess rainfall and 5% a large excess. 14% of the total area has had a rainfall deficit. The live water storage available in 123 reservoirs in the country is 102% of live storage of corresponding period of last year.

[Crop planting has expanded to a new record of 110.45 million hectares, rising 5.7% over last year](#) and is likely to increase further as rice planting is still continuing. Sowing of pulses, coarse cereals, millets and oilseeds is almost over. According to Agriculture Ministry officials, planting looks healthy across the country except in few areas of Madhya Pradesh, Maharashtra and Gujarat where there are reports of crop damages due to excessive rains and floods.

[The FAO's desert Locust situation update of 11 September 2020 has stated that the situation has improved dramatically as a result of intensive survey and control operations in India and Pakistan.](#) Nevertheless, limited breeding continues in some parts of Pakistan.

Crops

[Apple farming in Himachal Pradesh is posing new problems over the years due to growing changes in climate conditions.](#) These issues are pressuring apple growers to switch to other fruits like plums, peaches, and pomegranates. The Royal Delicious assortment of apples generally require 800 to 1,200 chilling hours. But huge temperature increments in spring and moderate increments during the summer and winter seasons have brought down the local chilling hours. Moreover, this year, apple orchards in Himachal Pradesh have been affected by the scab disease after nearly four decades, causing damage to the produce.

[Apple production in Himachal Pradesh was expected to be 33% less than last year at 2.5 crore boxes of 25 kg each this year, leading to firm prices.](#) However, lower demand and low quality crop has led to the drop in prices by almost 50% in the last two weeks. According to traders, the demand is 25% less than the previous year due to lock down on weekends in various parts of the country and no major festive demand for the next one month. Export demand from Bangladesh and Nepal is also only 25% of the previous year.

[Around 49.54 million tonnes rice has been estimated for procurement during the forthcoming KMS 2020-21 \(Kharif Crop\) season which is 19.07% more than the 41.6 million tonnes procurement estimate of KMS 2019-20 \(Kharif Crop\).](#) The leading states in terms of estimated procurement of rice are Punjab (11.3 million tonnes), Chhattisgarh (6 million tonnes) and Telangana (5 million tonnes) followed by Haryana (4.4 million tonnes), Andhra Pradesh (4 million tonnes), Uttar Pradesh (3.7 million tonnes) and Odisha (3.7 million tonnes).

Trade

[India has prohibited export of all varieties of onion except those cut, sliced or in powder form due to rising domestic prices and a seasonal shortage in the market.](#) Wholesale prices have doubled in the benchmark Lasalgaon market in Maharashtra to Rs 30 per kg and retail prices have risen to Rs 50 a kg at some places in the country. [Onion traders have however claimed that the price rise was manipulated.](#) Traders said speculative activities were carried out by those exporting onions to Bangladesh, which is facing an acute shortage of the commodity. As a truck takes four days to reach from Nashik (a key onion growing region) to Kolkata, when prices rise while the cargo is on the go, it helps the exporter to increase his profit margins.

Last year, India had banned the exports of onions because of increased domestic prices and had set the minimum export price (MEP) of onion at \$850 a tonne to curb its shipments. The MEP was lifted in March this year and onions were made free for export. India exported onions worth \$198 million in the April-June period of FY21 and worth \$440 million in the entire 2019-20 to countries like Bangladesh, Malaysia, UAE and Sri Lanka.

[After falling by 52% in the first quarter of FY 2020-21 due to the pandemic, buffalo meat exports have started rising and are likely to reach pre-covid levels by Oct-Dec quarter.](#) The exports are increasing due to an increasing demand from Vietnam, Malaysia, Indonesia, Egypt and Saudi Arabia and will be further pushed up by the reopening of animal markets in Uttar Pradesh by the third week of September which will improve the supply and processing of the buffalo meat. Buffalo meat exports registered a 15% increase from a year ago in the month of August. Total meat exports from India in 2019-20 fell 9.93% to 1.15 million tonnes. It was valued at EUR 2.6 billion.

[According to trade body Solvent Extractors' Association of India \(SEA\), India's refined palm oil imports were nil for the second consecutive month in August this year](#) as against 257000 tonnes imported during the same month last year. Refined Palm oil (RBD Palmolein) was put under restricted list in January 2020. The move has encouraged domestic processing of crude palm oil (CPO) with a 23% rise in crude palm oil (CPO) imports to 7,24,351 tonnes in August this year as against 5,87,329 tonnes recorded in the corresponding month last year. An increase in demand of soft oils like sunflower and soybean oils due to an increased preference of consumer packs of edible oils from households has also been noted. The overall import during oil year 2019-20 (November-October) may witness fall in import of about 10% at 13.4-13.5 million tonnes as against 14.9 million tonnes recorded last year, mainly due to demand destruction due to the pandemic from Hotels, Restaurants and Catering sector.

Food Safety

[FSSAI has issued a Draft Notification on Food Safety and Standards \(Contaminants, Toxins and Residues\) Amendment Regulations, 2020, related to MRL \(Maximum Residue Level\) of pesticides and tolerance limit of antibiotics and toxins.](#) Under these regulations, the FSSAI has included the subject of crop contamination and naturally occurring toxic substances and prohibited antibiotics and veterinary drugs in production of meat, milk, poultry and seafoods. Any objections or suggestions to the draft may be addressed to the FSSAI by the third week of October.

[FSSAI has given interim relief to Food Business Operators \(FBOs\) involved in production & manufacturing of honey by allowing the use of Diatomaceous Earth as a processing aid for filtration of honey](#), which had been prohibited by its July order. The relaxation has been given as the matter is being examined by the FSSAI's expert committee.

[A Draft Notification on Food Safety and Standards \(Organic Foods\) Amendment Regulations, 2020, related to organic foods has also been issued by the FSSAI](#). These regulations are related to aggregators who collect organic food from small original producer or producer organization and sell it to the end consumer directly and to the labelling of in-conversion products. [Drafts to amend Food Safety and Standards \(Prohibition and Restriction on Sales\) Regulations, 2011 prescribing addition of Indigo Carmine or Brilliant Blue up to 10ppm in non-edible ice](#) and to amend the [Food Safety and Standards \(Food Product Standards and Food Additives\) Regulations, 2011 with respect to Soya sauce, walnut kernel, grape seed oil](#), exemption of imported expelled oil from refining, black pepper, dried sage, fermented soya products, oat products etc have also been published. Any objections or suggestions to the draft may be addressed to the FSSAI by 3 November 2020.

Enterprises

[Leading ayurvedic and natural health care company Dabur India has entered the edible oil segment with the launch of its cold pressed mustard oil](#). The product has so far been launched only on e-commerce platforms like Amazon and MilkBasket. Its launch is part of the company's strategy to diversify its portfolio and to tap the growing health-conscious consumer base.