



MONTHLY POLICY TRACKER FOOD AND AGRICULTURE

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INVESTMENT IN AGRICULTURE

- **The Ministry of Agriculture recently added eight new states** to the list of states where the National Food Security Mission (NFSM) has been implemented. From the year 2012-13, six north-eastern states, including Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Sikkim, are selected for rice, while Himachal Pradesh and Uttarakhand are selected for wheat. The aim is to increase production of rice and wheat through area expansion, restoring soil fertility and productivity.
- **Oil and Natural Gas Corp Ltd (ONGC) is set to sign an MoU with the State Government of Tripura** early next month to set up a fertilizer manufacturing plant near Kumarghat in Unakoti district. This will ensure optimum utilisation of natural gas available in the state.
- **A group of private milkmen from the National Capital Region (NCR)** around Delhi have decided to start a 'Milk City' outside the city precincts and distribute milk at Rs 7-10 a litre less than the current prices. The city will come up in Gurgaon, and will be developed through the cooperative model. Around 8,600 milkmen from areas adjoining the NCR like the districts of Jhunjhunu and Alwar (Rajasthan) and Mewat (Haryana) have already registered with the milk city.

TRADE

EXPORT

- **The Government has extended the ban on export of pulses** to March 31, 2014. Two exceptions by the DGFT include a ceiling of 10,000 metric tonnes per annum for export of organic pulses and lentils. DGFT has also added that export should be duly certified by APEDA as being organic pulses and lentils.
- **India is one of the 72 countries to lose its General Preferential Tariff (GPT)** regime with Canada from January 1, 2015. The regime so far lowered tariff for exports from India to Canada. However, India and Canada are currently negotiating a Comprehensive Economic Partnership Agreement (CEPA), it is believed exclusion from the GPT list might not have a significant impact on India's exports to Canada, if an agreement is reached in time.

FOOD PROCESSING

- **The proposed Jharkhand Mega Food Park Limited (JMFPL)** coming up in the Getalsud area in the outskirts of the state capital received a much-needed push from the Centre as the state is asked to clear bottlenecks holding up some clearances.

FOOD REGULATIONS

- **The process of registration of Food Business Operators (FBOs)** under the Food Safety & Standards (Licensing & Registration of Food Businesses) Regulations, 2011, will cost Rs 200 in Maharashtra i.e. Rs 100 more than the rest of the country. The Maharashtra government will use the additional revenue for the development of Food and Drug Administration (FDA) in the state.

SUGAR

- **Cabinet Committee on Economic Affairs (CCEA)** has approved proposal of Food Ministry to partially decontrol the sugar sector. The Cabinet Committee abolished the obligated levy sugar supply to Public Distribution System (PDS) and release order mechanism. In levy sugar system, industry was required to contribute 10 percent of their output to the Government for PDS at cheaper rate. Now the Government will buy sugar from open market at market rates and subsidize it to PDS. By removing release order mechanism industry would be free to sell any quantity of sugar in open market as per the requirement. These policy reforms are the part of Dr C Rangarajan Committee's recommendations. Dr Rangarajan Committee, constituted by the Prime Minister, has submitted its report in October 2012.

FERTILIZER

- **The Government will bear interest liabilities of upto 8 percent per annum** for short-term loans that it will provide to fertilizer companies under a special banking arrangement to meet the subsidy payment shortfall. Government will make a special banking arrangement of Rs 5,000 crore allowing fertilizer firms to raise short term loans through a consortium of public sector banks against the subsidy payments that are pending. The loan amount will be re-paid by the Ministry once it receives the budgetary allocation from the government.
- **Fertiliser Ministry is expected to reduce the subsidy** on Diammonium Phosphate (DAP) from Rs 2,000 per tonne to Rs 12,350 a tonne and that on Muriate of Potash (MOP) from Rs 2,700 per tonne to Rs 11,700 a tonne for the 2013-14 fiscal on account of weakening of global prices. The new subsidy rates applicable for 2013-14, are subject to Cabinet clearance.

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