Confederation of Indian Industry

FACE
CII-Jubilant Bhartia
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MONTHLY POLICY TRACKER FOOD AND AGRICULTURE

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INVESTMENT IN AGRICULTURE

- **Chhattisgarh government has set a target to provide crop loan** worth Rs 3,000 crore to farmers this year through the Primary Cooperative Societies at one per cent interest. Of this, loans worth Rs 952 crore have been already disbursed through district cooperative banks. The step will help meet the credit needs of the farmers.
- **Maharashtra Government has set aside Rs 470 crore** for a micro-irrigation scheme, to be implemented from this year. Rs 250 crore would be made available every year for the next three years for this purpose. Funds from National Micro-Irrigation Scheme, Vidarbha Intensive Irrigation Development Programme and Rashtriya Krishi Vikas Yojna can be utilised for this scheme. The scheme will aim towards intensifying micro irrigation in the state.
- **The Odisha government's Food Processing Policy 2013** promises a capital subsidy up to 20 per cent of the project cost with cap of Rs 15 crore to the special purpose vehicles (SPVs) formed to set up mega food parks and sea food parks in the state. The new policy aims at increasing the level of processing in the state by 10 percent in 2017 and 25 per cent in 2025. The initiative will attract entrepreneurs and help increase the flow of investment across the supply chain.
- **The State Marketing Committees in various states** are exploring new areas for interventions. In Gujarat Agriculture Produce Market Committee (APMC) has established the state's **first agro mall** at Surat. The agro mall provides a unique shopping experience to the residents looking for a variety of vegetables, fruits, spices, grains, grocery along with flowers directly plucked from the farmlands at cheap prices. The Tamil Nadu Co-operative Marketing Federation (TANFED) will open a petrol outlet at Koyambedu in a 19 year long, land lease agreement with Indian Oil Corporation Ltd. The TANFED opened the Federation's first petrol bunk at Kodambakkam. Besides these initiatives the federation also markets farmers' inputs in the State.

MINIMUM SUPPORT PRICE (MSP)

- **Gujarat tops the list of states** having the least distorted rice markets, according to the ranking done by the Commission for Agricultural Costs and Prices (CACP).On the other hand top rice producing states such as Chhattisgarh, Punjab, Haryana, Odisha, Andhra Pradesh, and Uttar Pradesh have the most distorted market for the same.

  The degree of market distortion for rice has been calculated on the basis of taxes/levies on rice as a percentage of MSP, bonus on paddy announced by the state governments, rice procurement as a percentage share in rice production, stock limits of paddy and rice, levy rice, and market reforms undertaken by the state government. Reducing market distortions by getting the markets right and bring back the focus on establishing a single barrier free market, with minimum controls will facilitate private sector participation in the states.
- **The government has approved a hike in the minimum support price (MSP)** of paddy. While MSP for common paddy has been raised to Rs 1,310 from Rs 1,250 per quintal, that of grade 'A' variety of paddy has been hiked by Rs 65 to Rs 1,345/quintal. The move will encourage farmers to grow more in the ongoing kharif season. Also MSP of pulses and oilseeds is increased by up to Rs 450 and Rs 320 per quintal to boost output and reduce import dependence.

PUBLIC PRIVATE PARTNERSHIP (PPP)

- **The Coffee Board of India and National Spot Exchange Ltd (NSEL)** has signed an agreement to launch a warehouse receipt-based electronic spot market for coffee beans. According to the agreement, NSEL will conduct online trading of both raw and cleaned coffee beans. It has tied up with companies for curing the beans after the online transaction and has also set up two warehouses for storing coffee on behalf of the growers. This initiative will provide small and medium coffee growers better price realisation by providing market linkages, relevant back-end infrastructure, including education, training and technical advice.

TRADE

- **In the wake of slowdown in the traditional markets the Government of India** is promoting diversification of India's export to newer markets in Latin American, Africa, China and ASEAN by;
    - Removing the upper ceiling on eligibility for Market Development Assistance (MDA) and enable more company participation in Buyer-seller Missions/ fairs/ exhibitions abroad. Companies with a free on board (f.o.b.) value of exports of upto Rs. 30 crore are now eligible for MDA assistance
    - In response to escalation in costs and appreciation of international currency, revised guidelines have enhanced the financial assistance for participation in Trade Fairs & Exhibitions focus countries
    - Export promotions councils are eligible for higher financial support of Rs. 40 lakhs for international exhibitions with more than 75 participants

  These revised guidelines are expected to motivate market development by exporters.

EXPORTS

- **With an aim to increase India's exports to Iran,** government is encouraging Indian traders. Now traders that add at least 15 percent in value to select imported goods can in turn export these value added goods m to Iran. The list of exports includes Indian agri products like rice and cereals. The government order and related incentives are expected to double India's exports to Iran to around US 5-6 billion dollars in 2013-14. This move will offset part of the oil payment that India owes Iran.

COMMODITIES

- **From July 1, Commodities Transaction Tax (CTT),** payable to the Department of Revenue, Ministry of Finance, will be levied on all derivative contracts of non-agricultural commodities transacted through recognised commodity bourses. All processed agricultural items including sugar, soya oil and guar gum will be subject to CTT on their futures contracts. However 23 specified agricultural commodities have been exempted from this levy including include almond, barley, cardamom, castor seed, channa, copra, coriander, cotton seed and cotton, pepper, potato, mustard seed, red chilli, soya bean, turmeric and wheat. The levy of CTT, at a rate of 0.01 per cent on contract price is likely to impact turnover in the commodity bourses.

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