



MONTHLY POLICY TRACKER FOOD AND AGRICULTURE

Volume 3, No. 5 / 2014

May 1, 2014

INVESTMENT IN AGRICULTURE

- **Cabinet Committee on Economic Affairs has approved Rs 2,207 crore** for National Food Security Mission (NFSM) for the year 2014-15. Under the mission an overall target of 25 million tonnes of food grain production has been worked out by the end of 12th five year plan. Also for better marketing and availability of the produce, the government has approved an **integrated scheme for agricultural marketing** with overall budgetary allocation of Rs 4,548 crore during the 12th plan.
- **Andhra Pradesh will have two more mega food parks**, one each in Telangana and Seemandhra regions, which together is expected to attract around Rs 1,300 crore of investments. The one to come up in Nizamabad will focus on agricultural produce while the one proposed in Bhimavaram of West Godavari district will cater to aquaculture products. On attaining full-scale operations, these parks are expected to provide employment to around 2,000 people each.
- **The Empowered Group of Ministers, headed by Agriculture Minister Sharad Pawar has approved Rs 352 crore** as relief for replanting and rejuvenation of damaged horticultural crops in the states of Maharashtra, Madhya Pradesh, Karnataka and Rajasthan. The horticultural crops in these states were damaged due to untimely rains and hailstorms in early March. In addition, Rs 92 crore will be provided to Karnataka for providing relief to farmers who lost the rabi crops and homes to unseasonal rain. The funds will be released from the National Disaster Response Fund (NDRF) and will be over and above the assistance that is already being provided as part of a scheme under the National Horticultural Mission (NHM).

AGRI MARKETING

- **The commodity futures market regulator has decided to extend trading hours in agri-commodities beyond 17 hrs to 23.30 hours.** However, some stakeholders have a view that in the absence of banking operations beyond 4pm, the impact of absence of hedging mechanism for the underlying foreign exchange will be detrimental to the stake holders. Also, extended trading hours can only track movements in USA's Chicago Board of Trade (CBOT) while Asian exchanges will be closed.

- **Traders in Pune, Maharashtra have welcomed the government's decision** to omit commodities like jaggery, sugar, aata, pulses, dry fruits from the APMC Act. The traders are now urging for abolition of service and inspection charges on processed commodities and a single-point mechanism to charge cess on commodities in place of the current multiple cess system.

EXPORT

- **Members of the World Trade Organisation (WTO)** - including the European Union (EU), Australia, Brazil and Colombia - have demanded that the country removes the subsidies that were granted to Indian sugar exports in February 2014, stating that the subsidies would distort world markets by depressing prices and hurting producers in their countries. India said that the policy was designed to encourage diversification away from white sugar to raw sugar, that no intervention payments had been paid yet, and that the export subsidies would be notified to the WTO.

PROCUREMENT

- **With procurement in the major procuring states of Punjab, Haryana, Madhya Pradesh and Rajasthan** towards its end, it has been estimated that total wheat procurement this year will be 24-25 mt. As per this trend, Food Corporation of India (FCI) is likely to miss its wheat procurement target of 31 million tonnes (mt) by about 15 per cent and end up with about 25 mt which will be a six-year low. FCI has already extended the deadline for procurement from April 30 to May 15.

EXPORT

- **The European Union has imposed a ban on mangoes, eggplant, bitter gourd, snake gourd and taro** from India with effect from 01 May 2014. The ban was imposed because of 'significant shortcomings' in the phytosanitary certification system of such products. About 6% of fruit and vegetables imported from India in 2013 were found to be contaminated by fruit flies.

India has protested against the import ban stating that Indian authorities implemented a new system to improve certifications and standards from 01 April 2014 to ensure EU standards are met. APEDA has, in fact, recently introduced regulations especially for EU-bound consignments, which mandate specific compliance on SPS standards as required by the host country.

- **The Government has extended the ban on export of pulses** till further orders with two exceptions - for kabuli chana and organic pulses and lentils which can be exported with a ceiling of 10,000 metric tonnes per annum. Also, the export contracts should be registered with APEDA, New Delhi prior to shipment and shall be allowed only from Customs EDI (electronic data interchange) Ports. Export of pulses was initially prohibited for a period of six months in 2006 which is extended from time-to-time.

Under exemption, fixed quantity of pulses is being allowed for **export to the Republic of Maldives** under bilateral trade agreement between Government of India and Government of Maldives for the period 2014-15 to 2016-17.

- **India's rice exports could reduce this year** due to stiff competition from Southeast Asian countries that have recently slashed prices. The move may help Thailand to reclaim its status as the world's biggest rice exporter, which it lost to India in 2012. While India's shipments of the basmati variety are likely to remain steady in 2014-15 at around 4mt, total rice exports could drop to 8mt. The fall in export will leave more rice in India at a time when the country has huge stocks and faces the prospect of a record harvest, creating problems of storage.

PUBLIC PRIVATE PARTNERSHIP

- **The State Government of Odisha has decided to encourage public private partnership (PPP)** in the fishery sector to bridge the gap between the demand and supply of fish for domestic consumption and raise the fish production capacity. The thrust will be on promoting sustainable development of inland fisheries to double the production, enhance contribution of the fishery sector to food and livelihood security and develop human resource through capacity building, training, awareness programmes and increase earnings. Besides, a decision has been taken to empower fishermen through mobile advisory services and establishment of toll-free call centre for fisheries extension service. The State Government also has a Fishery Development and State Reservoir Fishery Policy to give a boost to the sector.

MINIMUM SUPPORT PRICE

- **The Agriculture Ministry has proposed a moderate hike in the minimum support price (MSP)** of paddy by Rs 50 to Rs 1360/quintal for common variety and by Rs 55 to Rs 1400/quintal for 'grade A' variety for the 2014-15 crop year. A moderate increase in paddy MSP has been recommended keeping in view the excessive stock of rice in the government godowns. The ministry has also proposed a Rs 50 per quintal increase in cotton MSP at Rs 3750 for medium staple and Rs 4050 for long staple for 2014-15 crop year. For pulses, a Rs 50 hike is recommended in the support price of 'Tur' and 'Urad' at Rs 4350/quintal each and a Rs 100 increase in MSP of 'Moong' at Rs 4600 per quintal. A Cabinet note has been moved for inter-ministerial comments and final call on the MSP proposal would be taken post elections by the new government.

SUGAR

- **The country's sugar production fell 7 per cent to 21.5 million tonnes** in the first six months of the current marketing year as output declined in key states. The production stood at 23.1 million tonnes in the corresponding period last year. Except

Karnataka, sugar output declined in all major producing states Maharashtra, Uttar Pradesh, Andhra Pradesh and Tamil Nadu till March of the 2013-14 marketing year. According to ISMA data, sugar output in Maharashtra remained down by 9 per cent at 7.01 million tonnes till March as compared with 7.73 million tonnes in the year-ago period. Similarly, sugar production in Uttar Pradesh was down by 13 per cent at 5.8 million tonnes so far in 2013-14 from 6.7 million tonnes in the same period last year due to poor yields and higher diversion to alternate sweeteners manufacturing industry. Production in Tamil Nadu declined by 28 per cent at 9,50,000 tonnes till March this year, while the output in Andhra Pradesh fell to 9,40,000 tonnes from 9,66,000 tonnes in the year-ago period.

RESEARCH & DEVELOPMENT

- **The scientists of Central Rice Research Institute (CRRI)** have developed a variety of rice by crossing a protein-rich germplasm with high-yielding rice varieties. The variety will help solve the problem of malnutrition to a great extent by making the cereal more nutritious as popular varieties of rice usually contain about 7% protein, but the variety developed by CRRI contains 13 to 15%. The newly-developed rice variety will be sent to Hyderabad-based Directorate of Rice Research for testing, where its quality will be verified under different climatic conditions for over three years.
- **ICAR plans to sell up to 30 new farm technologies** developed under the World Bank-aided project National Agriculture Innovation Project (NAIP) at a two-day agri-business conclave to be held in May 2014. The NAIP implemented by ICAR, had kick-started in September 2006 with a total investment of \$250 million. The World Bank has funded \$200 million, while \$50 million is by the Centre. Around 300 new technology models have been developed under NAIP, of which 80 are commercialized so far. Before the project closes in June this year, ICAR will sell up to 30 top technologies developed under the project.
- **Genetic Engineering Appraisal Committee (GEAC) in its 118th meeting**, under the chairmanship of Secretary, Ministry of Environment & Forest, has cleared 11 cases which were pending for revalidation including the varieties of the GM wheat, rice, maize and cotton. The companies, whose applications got revalidation, will be able to go for field trials only after getting the state's mandatory nod.

This document is being shared for information purposes only and is therefore not intended to substitute for formal professional advice. All information in this document has been compiled and/or arrived at from online sources in the public domain.

Published by:

CII-Jubilant Bhartia Food and Agriculture Centre of Excellence (FACE)
C/o Confederation of Indian Industry (CII)
India Habitat Centre, Core 4A, Ground Floor, New Delhi - 110003, (INDIA)
Tel: +91-11-43007490, Website: www.face-cii.in/www.cii.in

For more information or suggestions, please contact:

Meetu Kapur

Executive Director – FACE
Email: meetukapur@cii.in

