Centre eases agri produce sale rules

Allows farmers to sell produce directly to retail chains, bulk buyers for 3 months

RAJESH BHAYANI
Mumbai, 5 April

A series of central government notifications and letters to states in the past two days will enable agri and food products to reach consumers in a timely and efficient manner.

The measures include limiting jurisdiction of APMCs (Agricultural Produce Market Committees) to their physical premises, allowing big retailers and even commodity processors to buy directly from farmers and decentralising authority for issuing passes for movement of essential goods and critical persons engaged in essential services in favour of companies with national chains, Railways, ports and airports designated authorities.

The letter written by the Union ministry of agriculture and farmers' welfare advises states to relax rules governing the APMC Act and *mandis* for three months, allowing farmers to sell crops directly to bulk buyers, processors, and big retailers without a licence or following any registration process. However, as agriculture is state subject, state governments will need to allow it.

RELIEF FOR FARMERS

- **Government asks states to limit** APMC jurisdiction to *mandi* area
- **Declares all WDRA-registered warehouse** as market yards
- **Gives authorisation to firms** with national chains to issue passes to regional staff
- **Railways, ports and airports allowed** to issue passes to people
- **Driver and one more person** allowed to travel in a truck
- **Empty trucks have invoice,** e-way bills to return

This move will ensure that thousands of pulses and dal mills, oilseed crushing units and wheat flour mills will be able to source supplies of these essential commodities. Pulses and edible oil processing industries had asked for permission to directly buy from farmers.

States have been asked to limit jurisdiction of all APMCs to the physical premises of notified markets only for three months. All warehouses that are registered with the Warehouse Development and Regulatory Authority are being notified as market yards, which will help farmers sell commodities at their doorstep and all processors, bulk users can buy from them without going to mandis.

Besides, letters by the home secretary to all administrators and the agri ministry to all states' chief secretaries have asked for decentralising authorisation to accommodate and make the process of issuing passes to move around for providing essential services.

CORONAVIRUS PANDEMIC

Apart from these, the Centre has relaxed norms for trading on e-National Agriculture Market platform, which is linked with 585 *mandis* in 16 states.

In these letters, all items of food and grocery, which are consumed by people daily, have been defined as essential goods, and states and administrators have been told to follow this definition of essential goods.

District authorities are issuing passes to carry out the activities and services that are "essential and under exempted category". However, those businesses having nationwide supply chain of essential goods are facing difficulties.

The Centre said "all state governments, Union territories have been advised to issue authorisation letters to companies/organisations having nationwide supply chain of essential goods and allowing them to issue regional passes for easy movement of critical staff and workers in order to maintain their national supply chains. The number of such authorisations shall be kept to base minimum."

States administrators and chief secretaries have also been told that designated authorities under Railways, ports, and airports should be allowed to issue passes for a critical mass of staff and contractual labour that are essential for such services.

For intra-state movements of trucks for essential goods, driver and one additional person would be allowed to travel and empty trucks could keep invoice, e-way bills, the letter said.

On Thursday, the Union agriculture ministry had allowed farmer producers' organisations to sell on e-Nam or electronic national agriculture market platform without bringing the produce to *mandis*. The electronic warehouse receipts (eNWR) issued by regulated e-Nam warehouses make trading smooth. Traders and processors can now buy commodities on the e-Nam platform and check in which warehouse the commodities are available to make their decision-making simple.

"Farmers can also use the futures platform for hedging their price risk through eNWRs," said Kapil Dev, executive vice-president (business) at NCDEX.

With the facility to deposit produce in warehouses without bringing it to the *mandis*, farmers can also wait to sell at the right price.

All these steps will not only help farmers maintain social distancing but also equip them to take more informed decisions about their produce.

Ministry's actions allay trade fears

EXIM MATTERS

T N C RAJAGOPALAN

Considering the massive disruption of economic activities due to the spread of Covid-19, the commerce ministry has extended the life of the Foreign Trade Policy (FTP) 2015-20 till the end of the fiscal year 2020-21. The Director General of Foreign Trade (DGFT) has also extended the validity of Handbook of Procedures (HBP) 2015-20 till the end of March 2021.

Many provisions relating to the export promotion schemes have been amended to extend the validity of the import authorisations, the export obligation periods and the last dates for making applications, submitting installation certificates and so on.

The Director General of Foreign Trade has also extended the validity of Handbook of Procedures 2015–20 till the end of March 2021

Relevant provisions have been amended under the Export Oriented Units (EOU) scheme to extend the validity of letters of approvals or permissions (LOA/LOP) granted and under the Special Economic Zones (SEZ) scheme. Even the provisions under the Income Tax law have been amended to extend the dates for commencement of production for availing of the exemptions available for SEZ units.

The Reserve Bank of India has extended the time limit for realisation of export proceeds from 9 to 15 months.

The Finance Ministry has relaxed the compliance requirements and extended the deadlines for filing GST (Goods and Services Tax) returns. Many other government departments have also given necessary relaxations to help the trade cope with the lockdown across the country.

These timely actions of the government help alleviate at least some of the anxieties of the trade.

The Federation of Indian Export Organisations (FIEO) has expressed satisfaction that many of its recommendations have been accepted by the government. However, some of its requests that have not yet been acted upon include the extension of interest equalisation scheme, amnesty scheme for old advance authorisations, EPCG (Export Promotion Capital Goods) authorisations, and EOU for regularisation of default by payment of only Customs duty without interest and penalty to lessen the burden on industry.

Extension in pre- and post-shipment credit by a minimum of 180-270 days, exemption from interest and penalty on crystallisation of bills on due date, loss in forward cover to be converted in interest free loan to be paid after 90-180 days, auto enhancement of credit limits by 10 per cent have also not been acted upon.

Other requests include immediate clearance of all exports benefits to exporters, including those for risky exporters (against a bond), relaxation in physical examination norms due to lesser availability of manpower, waiver of premium or pre-shipment credit guarantee and some other fiscal reliefs to the industry. Hopefully, these suggestions will come up for consideration.

Many exporters are surprised that the DGFT has not extended the validity of the duty credit scrips that expire during the lockdown.

Expiry of such unutilised duty credits will amount to financial loss for exporters. The DGFT had granted certain onetime condonation under EPCG scheme that exporters could not take advantage of by end March.

The last date for that dispensation needs to be extended. Similarly, some exporters had not claimed the duty credit scrips against services exports made in 2016-17. The last date for their claims with suitable late cut expired on March 31. They need suitable extension of last date. These and similar matters are left out, perhaps inadvertently. The DGFT should consider extension for such matters.

The Customs brokers have highlighted many difficulties in functioning, mainly the problems their employees face in attending office. Their representations deserve prompt attention.

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Govt gives nod to 13 states to procure pulses

MP, UP not in the list; states can buy up to 25% of produce immediately

SANJEEB MUKHERJEE
New Delhi, 5 April

The Central government has given a blanket approval to 13 states to immediately start procuring *chana* (gram) and *masoor* (lentil), the two big pulses grown during the rabi season. The Centre has also cleared ₹1,250 crore for purchasing around 258,000 tonnes of both the pulses.

ICAR is preparing documents on possible Covid impact on agri and allied sectors, and measures to minimise the negatives so that the food system remains unaffected

These 13 states won't require any formal approval from the Centre before starting procurement. The states can start procuring up to 25 per cent of the produce immediately, without waiting for a formal clearance of their proposal from the Centre. The purchases will be made under various central government schemes, including PM-ASHA, of which price support scheme (PSS) is a part.

Government's estimates peg the total rabi *chana* production in 2019-20 at 11.28 million tonnes (mt), while *masoor* output is projected at 1.39 mt, of which the Centre will help states purchase up to 25 per cent.

These 13 states are Assam, Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Kerala, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttarakhand and West Bengal.

But Madhya Pradesh and Uttar Pradesh, the two biggest producers of *chana* and *masoor*, have been excluded from the list. Proposals from Rajasthan and Haryana had earlier been cleared for procurement of *chana*. The states have also been given permission to purchase mustard from the farmers without waiting for formal clearance from the Centre.

Government's estimates peg total rabi *chana* production in 2019-20 at 11.28 million tonnes, while *masoor* output is projected at 1.39 million tonnes

Besides, an official said insurance claims amounting to around ₹1,008 crore had been released so far during the period of lockdown. A *PTI* report, quoting an unnamed official from the Indian Council of Agricultural Research (ICAR), said it was assessing the lockdown impact on agriculture and allied sectors and taking measures to minimise its effect on the food security.

ICAR is the apex body for coordinating, guiding, and managing research and education in agriculture in the country under the Ministry of Agriculture and Farmers Welfare. "ICAR is preparing documents on possible impact on agriculture and allied sectors and measures to minimise the negatives so that the food system remains unaffected," the official said.

While the government has exempted from the lockdown rules many agricultural operations, the ICAR study will help the government take further action, the official added.

ICAR also said its four institutes — Bhopal-based National Institute of High Security Animal Diseases, National Institute of Veterinary Epidemiology and Disease Informatics of Bengaluru, Izatnagar-based Indian Veterinary Research Institute, and Hisar-based National Research Centre on Equines — have required facility to do Covid-19 tests.

NITI Aayog writes to NGOs, industry bodies for help

RUCHIKA CHITRAVANSHI
New Delhi, 5 April

Government think-tank NITI Aayog has written to 92,000 NGOs, industry associations, and international organisations seeking their assistance in delivering services to the poor, and health and community workers to combat the Covid-19 pandemic.

The initiative is being undertaken by the empowered group constituted on March 29 under the Disaster Management Act 2005, headed by NITI Aayog CEO Amitabh Kant.

The committee has opened up cross-sectoral dialogues within the private sector and start-ups asking them to produce health equipment and personal protective equipment.

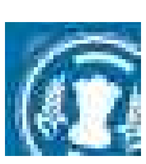
The committee held six meetings between March 30 and April 6 with Ficci, CII, civil society groups, and international organisations such as World Health Organization, the United Nations agencies.

NITI Aayog has also asked the NGOs to assist the administration in identifying the hotspots and depute volunteers to deliver services to the vulnerable.

Each NGO and civil society organisation will have to provide it Foreign Contribution Regulation Act details along with the type of support they are offering and the location. They would also have to submit the details of the amount spent, duration of support activities, and the details of problems faced along with their suggestions.

STATSGURU

Economic impact of Covid-19



THE LATEST DATA on most economic indicators is available till February, while the real economic impact of Covid-19 came in March. In fact, some of the indicators peaked for the fiscal year 2019-20 in February.

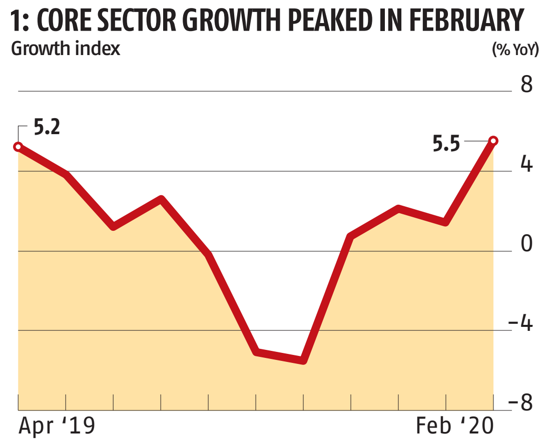
For instance, the core sector growth has done so (chart 1), and is likely to witness a major dampening impact in March. The sector comprises crucial industries such as coal, refinery, crude oil, cement, finished steel, fertiliser, and electricity generation. The only number available for March in real sense is PMI for manufacturing, which stood at 51.8 — the same as in the beginning of FY20 (chart 2).

Chart 3 again tells a story till February and shows the highest growth rate in services in any month during FY20. Given the fact that Covid-19 is affecting the services sector such as tourism and hospitality the most, the number is likely to see a major reversal in March. The auto sector was struggling before the Covid-19 outbreak as well, ranging from issues such as BS-VI to electric vehicles (chart 4). Chart 5 shows that the goods and services tax collection fell below the ₹1-trillion mark in March for the first time after four months. Though these are for activities in February, companies may have witnessed difficulty in paying taxes in March. April may see a major correction if arrears are excluded.

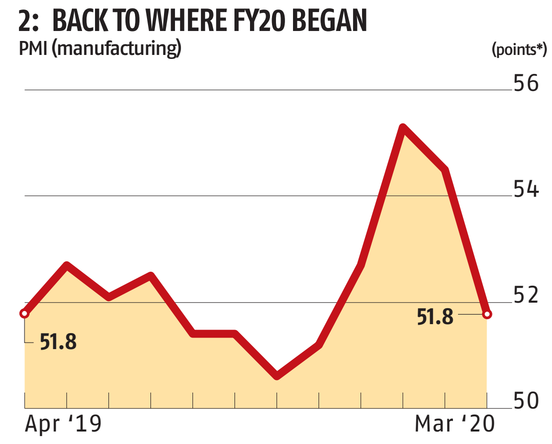
Given the state of the economy, none believes that 4.7 per cent gross domestic product growth rate, pegged by the official advance estimates (chart 6), would come true. Therefore, FY20 would see less than 5 per cent economic expansion. The outlook for FY21 is more pessimistic (chart 7).

INDIVJAL DHASMANA

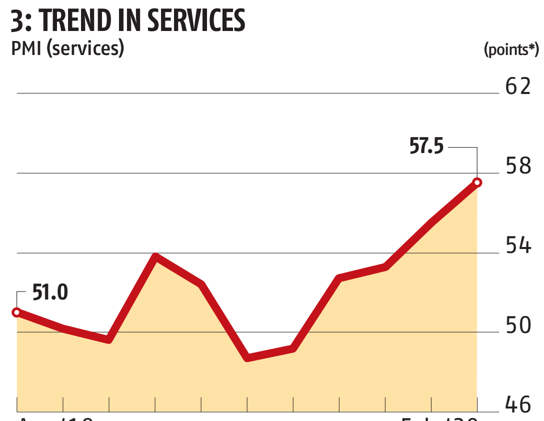
1: CORE SECTOR GROWTH PEAKED IN FEBRUARY



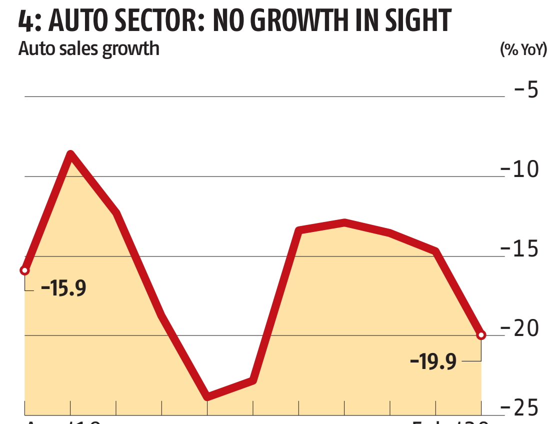
2: BACK TO WHERE FY20 BEGAN



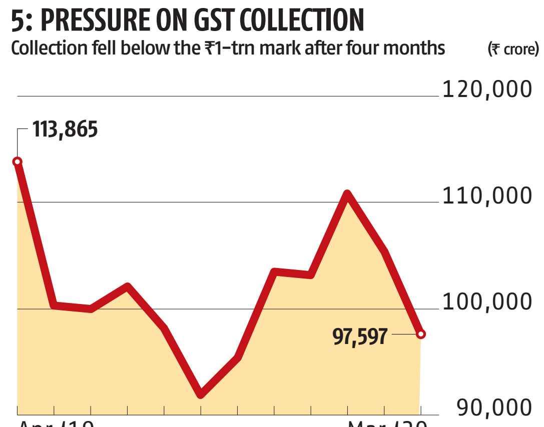
3: TREND IN SERVICES



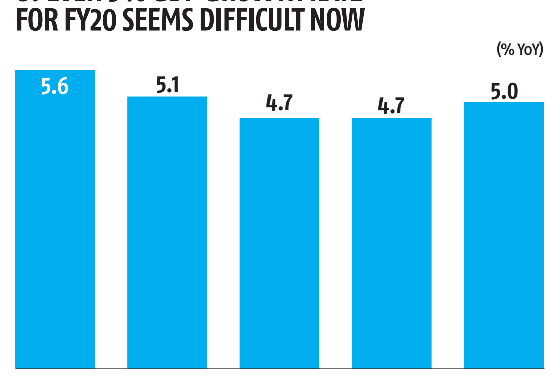
4: AUTO SECTOR: NO GROWTH IN SIGHT



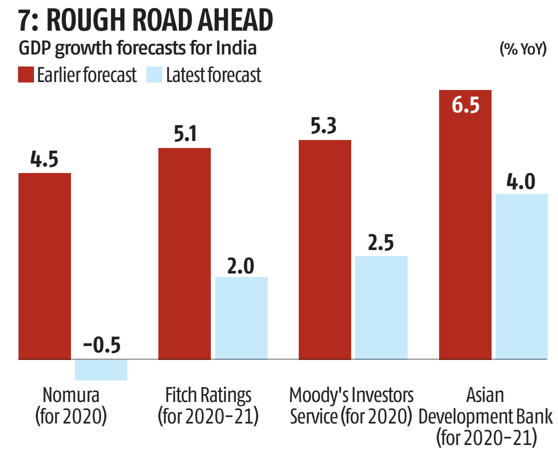
5: PRESSURE ON GST COLLECTION



6: EVEN 5% GDP GROWTH RATE FOR FY20 SEEMS DIFFICULT NOW



7: ROUGH ROAD AHEAD



Note: * Reading above 50 is growth, and one below 50 is contraction ** Derived from second Advance Estimates *** Second Advance Estimates
Source: Commerce Department, Markit Economics, BS Research, Finance Ministry, National Statistical Office, Nomura, Fitch, Moody's, Asian Development Bank

StatsGuru is a weekly feature. Every Monday, *Business Standard* guides you through the numbers you need to know to make sense of the headlines

Compiled by BS Research Bureau