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FOOD PRO

E-News Letter of All India Food Processors' Association
(Established in 1943)

From the President's Desk

GST Rates Extremely Detrimental For The Highly Perishable Fruit & Vegetable Sector

Dear Industry Members,

The announcement of product-wise GST rates has come as a great surprise and disappointment for the highly perishable Fruit and Vegetable processing industry. While most food products made from perishable raw materials like milk, eggs, fish and meat (HSN Chapters 3, 4, 16) have been placed at 0% or 5% or 12% GST Rates, while Fruit and Vegetable products (HSN Chapters 20, 21) have been placed mostly at 18% level. ***This is a major anomaly which will make survival of poor farmers even more difficult.***

No consideration has been made of the extreme perishable nature of Fruits and Vegetables which are lost to the tune of Rs.90,000 crores annually. This value would be incomparably more than the total revenue of the sector. India leads globally at the first, second or third position in the world in the growth of most Fruits and Vegetables but we process a meager 2% to 4% as compared to 40% to 80% in most developed and developing countries. These statistics are as per government studies and have been a matter of frequent concern in the Parliament and Niti Ayog deliberations. Surprisingly, even humble Fruit and Vegetable products like Pickles, Chutneys, Murrabas, Pulps, Sauces (HSN Chapters 20 and 21) have been placed at an extremely high tax rate of 18% instead of the recommended 0% and 5% levels.

The fitment of GST rates in the Fruit and Vegetable Processing sector is definitely not in line with the Hon'ble Prime Minister's vision of promoting agricultural economy and doubling the income of farmers. The recently launched SAMPADA Scheme is also aimed at development of agro processing to save the colossal wastage of natural agri produce and promote its value addition to bring more income to farmers. However, our tax policy appears not taking cognizance that processing of agri-produce is a natural phenomenon and not a luxury. This perception needs to be changed in the interest of Farmers, Consumers, Industry and National Economy. Time is running out and something needs to be done fast.

It is earnestly hoped that the present fitment of tax rates for Fruit and Vegetable processed products under GST will be revised and a realistic decision taken in view of the ground realities. We cannot afford to be perception driven. A precious national resource is literally going waste. ***We cannot be insensitive as to add to the suffering of poor farmers who are worse off than even the common man when the question is of survival***. It is known that this is the only sector which generates wide spread employment throughout the country even in remote regions where other means of livelihood are not available.

Here the burning question is to prevent the wastage of Fruits & Vegetables and enhance consumption of Fruits and Vegetables through processing to ensure survival of poor farmers whose livelihood is at stake and not mundane issues like what should be made from these Fruits and Vegetables. If India leads globally in banana production it does not matter who makes banana chips as long as banana is converted into usable food which gives the farmer its value.

The proposed increase in tax rates of Fruit and Vegetable products from the current 5% - 8% total tax incidence (including Central Excise Duty with abatement and VAT) to 18% GST will cause further wastage of fruits and vegetables, thereby, very adversely impacting the farmer. The GST Rate on these items needs to be reset to 5%. This is a sincere & urgent call to make the correction in GST Rates before it gets too late. Higher taxes also lead to high food prices and inflationary effects cause serious social repercussions.

With kind regards,

(Dr. S. Jindal)

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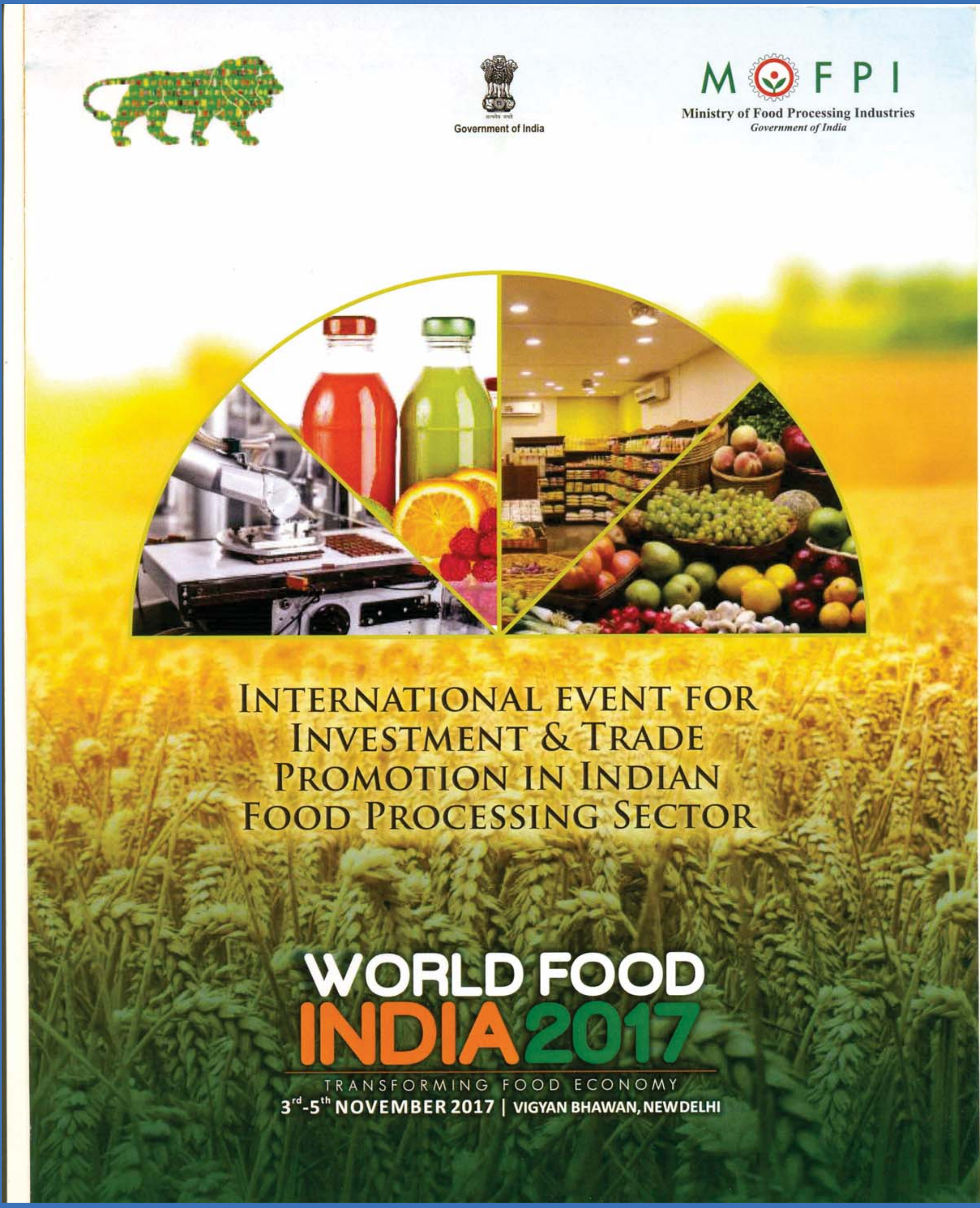

* Reproduced from the Ministry of Food Processing Industries Website

PARTICIPATION INFORMATION FORM FOR "*WORLD FOOD INDIA*"-*2017*

- Name of the Company/Organisation……………………………………………………………..
- Address…………………………………………………………………………………………

  ……………………………………………………………………………………………………
- Contact Points (Tel)………………………………………..(M)…………………………………

  E-mail……………………………………(Web)……………………………
- Field of Activity: Materials/Manufacturers/Marketing/Exports/Services/Academic/R&D
- Products dealt with…………………………………………………………………………..
- Annual Turnover……………………………………………………………………………...
- Requirement of Space/Stall in Exhibition………………………………………………………
- Name of CMD/MD/CEO/Head of Orgn...…………………………………………………….
- Contact Person (Name/Tel/E-mail)……………………………………………………………

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EXHIBITION SPACE RENTALS FOR WORLD FOOD INDIA-2017

Type of Space	Rates (INR)	Rates (US $)
Raw Space (minimum-36 SQM) (Electricity excluded)	INR 4000 per sq. meter	USD 100 per sq. meter
Shall Scheme/Built up Space (Minimum-9SQM) (Built up space includes Fascia, Carpeting, 3 Spot lights, 1 Cabinet, 1 Reception Table, 3 Chairs, 1 Waste Paper Basket for every 9 sqms)	INR 4500 per sq. meter	USD 120 per sq. meter
Built up space rates for MSMEs	INR 3500 per sq. meter	
Electricity Charges	**Rates (INR)**	**Rates (US $)**
Kilowatt (per KW)	3000	50

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Up-coming Events

Event	:	**National Workshop on "Challenges & Opportunities in the Production & Marketing of Organic Foods"**
Date	:	30-06-2017
Place	:	Kolkata
For information, contact	:	Mr. Rameshwar Maurya Mobile:- 08744088116 E-mail:- maurya@aifpa.net

Event	:	**World Food India**
Date	:	03-11-2017 to 05-11-2017
Place	:	Vigyan Bhawan, New Delhi
For information, contact	:	Ms. Anjula Singh Solanky Tel:- 011-45771000 E-mail:- anjula.solanky@cii.in

Event	:	**Fi India-2017**
Date	:	09-11-2017 to 11-11-2017
Place	:	Bombay Exhibition Centre, Mumbai
For information, contact	:	Mr. Jimesh Patel, (M):- 09820756210 E-mail:- Jimesh.patel@ubm.com

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ALL INDIA FOOD PROCESSORS' ASSOCIATION

Vacancy of Assistant Editor (Technical)

Qualifications : Degree/P.G. Degree in Science/Management preferably in Food Sciences & Technology or any allied subjects.

Job Profile : Collecting & compiling general/technical information on various aspects of Food Technology & Processing and a flair for writing articles to be published in the 70 years old Bi-monthly technical Journal, ***"Indian Food Packer"*** and also for the monthly, **E-Newsletter**.

Editing Research/Review articles related to various aspects of Food Science, Technology & Processing received from authors for publication in the Journal.

Preference : A balance of 'Food Tech' and 'Journalistic' knowledge will be important. Publishing & Media experience can be additional merits.

Food Technologists & Scientific persons recently retired may also apply.

Remuneration : Negotiable

Applications complete with all the required details may be sent to the Association at **E-mail:** aifpa@vsnl.net/vishal@aifpa.net within 10 days of the publication of this Ad.

***Let me tell you the secret that has led me to my goal. My strength lies solely in my tenacity*---Louis Pasteur**

Regulatory & Food Safety Issues

FSSAI and GFSP in collaboration for food safety in South Asia

Food regulator FSSAI has joined hands with the Global Food Safety Partnership (GFSP) to develop actions for raising investments to support food safety system in South Asia. The Food Safety and Standards Authority of India (FSSAI) and GFSP held a high-level discussion in the national capital on food safety. The GFSP is an innovative, public-private initiative dedicated to supporting and promoting global cooperation for food safety capacity building.

FSSAI said in a statement, "as a part of this dialogue, nearly 100 participants came forward to indicate their intention to act in various areas including funding and investment, knowledge sharing, public/ private collaboration, and capacity building to manage and support the region's food safety systems." GFSP's CEO Lystra N Antoine said that a collaborative approach would contribute to enhance global food security.

FSSAI Chairperson Ashish Bahuguna said the regulator wants to enhance its global outreach with a view to learn from experiences of other countries in food safety and build global trust in India's food sector. "We strongly believe in co-creating a sustainable architecture for building strong food safety systems across Asia. We believe that globally there is a need for more informed and cohesive arrangement on capacity building and knowledge sharing on food safety and nutrition." This calls for support from public and private organisations, partners and other international bodies, Bahuguna added.

FSSAI's CEO Pawan Agarwal said that it has made a substantial progress in terms of food safety capacity building efforts through launch of FosTaC portal that necessitates to have one trained and certified food safety supervisor in Indian food businesses.

Corporate entities and academic institutions to work with FSSAI for FoSTaC program

Chief Executive Officer of FSSAI, Pawan Agarwal said the Food Safety and Standards Authority of India (FSSAI) is in the process to come up with new food labelling regulations related to packaged food products, based on the recommendations made by the expert group. The regulator will also define 'junk food' before imposing further taxes on packaged food products with high fat, salt, and sugar content. "We are making substantial changes in labelling."

An expert panel set up by FSSAI has recommended additional tax on highly processed food items and sugar-laced beverages as well as a ban on advertising of junk foods on children channels or during kids shows on TV. Agarwal said that FSSAI is also looking to bring in regulation that will require every food business operator to have at least one trained and qualified food safety supervisor at its premises. He added, "Going forward we will amend the regulations where over a period every food business operator will require having one trained and qualified food handler at their disposal."
Agarwal also said, "Obviously, there will be a time lag. We will give a couple of years' time before the requirement that all food businesses should have one person who is trained and certified in food safety. And before we start amending our regulations we had already created an ecosystem where such large-scale training can begin to happen."

FSSAI will collaborate with corporate entities and academic institutions for Food Safety Training and Certification (FoSTaC) program, where the regulator will be launching 19 short-term courses to train food handlers. They hope that the trained staff will in turn educate people working alongside him thus taking the food hygiene and safety standards in the country several notches up. The regulator also launched an interactive portal to educate consumers and help them with grievance redressal.

FSSAI to partner global, desi firm to up food safety levels

The Food Safety and Standards Authority of India (FSSAI) is looking to partner global and domestic companies to raise the levels of food safety and hygiene in the country. The regulator is also looking to engage with food companies on various other aspects such as compliance and developing robust consumer grievance processes.

FSSAI CEO Pawan Agarwal said safe and nutritious food for all is a "shared responsibility".

"We are looking to engage with corporates to scale up initiatives to ensure the availability of safe and nutritious food in the country. We are also looking to engage with companies on various other areas such as compliance, training and capacity building, among others," he added.

The regulator on Monday signed an MoU with Coca-Cola India to train 50,000 streetfood vendors under its project "Clean Street Food" across India over the next three years. While Coca-Cola India will handle programme execution through its bottling plants network, FSSAI will help develop the training content.

Agarwal pointed out that several companies such as ITC, Mondelez India, Nestle India, Jubilant FoodWorks and TetraPak have recently collaborated with the regulator to create awareness about food safety and hygiene across schools, retailers, food vendors as well as streetfood vendors.

Project "Clean Street Food" will be rolled out in phases starting with Ludhiana, and expanded to nine States gradually.

Venkatesh Kini, President, Coca-Cola India and South West Asia, said: "We have been training kirana retailers for the past 10 ten years under our initiative 'Parivartan'. This collaboration with FSSAI will help broaden the horizons of our initiative. We will train owners and employers of small food service outlets and streetfood vendors on the basic tenets of food safety."

Experts call for high tax on junk food

An expert group formed by the Food Safety and Standards Authority of India (FSSAI) has prepared a report on junk food and suggested a ban on the advertisement of foods high in fat, salt and sugar (HFSS) and levying an additional tax on processed foods and sweetened beverages.

The experts particularly recommended a blanket ban on the telecast of such advertisements on kids' channels. The report also mentioned the discouragement of celebrity endorsements of such food products.

Besides burgers, pizzas, chips and sweetened beverages, the junk food category included a number of Indian foods like samosas and pakoras.

With regard to the tax, the report stated, "Imposing additional tax on the purchase of commodities such as pre-packaged foods with high salt and fat content, sweetened beverages, etc., can be a pragmatic approach to reduce their intake."

The report stated that it had been seen that ads for most of the HFSS foods was concentrated on kids' channels and shows.

The experts severely criticized this practice of sale by influencing young minds, stating that television commercials of foods high in fat, sugar and salt greatly influenced the eating habits of the young and the impressionable, and made them vulnerable to chronic diseases.

News Briefs

India releases GST tax rates for food as deadline looms

Jam, instant cooking mixes, pasteurised butter and several other processed food items have been placed in a higher tax bracket under India's new Goods and Services Tax (GST) regime, to be levied from 1 July.

The decision has been made by India's GST Council, a body representing the country's central and state governments, which has been deciding which goods will be covered by the zero, 5%, 12%, 18% and 28% tax rates allowed under India's GST legislation.

According to a note issued by the Central Board of Excise and Customs, processed fruit products such as squash, jelly and jam have been placed in a higher tax bracket of 18%. However, more basic products will attract less GST - dried fruits will be taxed at 12%, which is almost the same as the sum of various current national and state taxes. Also, certain fresh fruits and vegetables, whether frozen or otherwise preserved, will be sales-tax free – for example, onions and potatoes.

Frozen fish products will be taxed at 5%; many frozen meat items and sausages will attract 12% tax, but unprocessed fresh meat will be exempted from tax, said the note.

In the dairy segment, liquid milk, curd, butter milk and paneer - a type of Indian cheese - will be tax free. Ultra-high-temperature milk, cream and yogurt will attract the lowest level of 5% tax. Meanwhile, butter, ghee, dairy spreads and cheese will be in 12% tax bracket, while condensed milk is taxed at 18%.

Fresh bread will be tax-free, but pizza bread, toasted bread and rusk will be taxed at 5%. Corn flakes, pasta, noodles, wafers, cakes, pastries and ice creams will attract 18% tax.

While sugar confectionery will be taxed at 18%, chewing gum and chocolates have been put in the highest 28% tax bracket. Edible oils and cereals will attract 5% tax. The impact of these decisions on markets will vary across the country, as the current level of sales taxes varies between India's 29 states.

F&B sector terms processed food rates fixed by GST Council detrimental

The food and beverage industry has called rates for processed foods and beverages fixed by the Goods and Service Tax (GST) Council detrimental to the growth of the industry and sought a review of the rates.

Industry insiders stated that most of the proposed rates were in contradiction of the rates recommended by the Ministry of Food Processing Industries (MoFPI).

They added that it was a bad treatment of the food processing industry and the ministry, whose recommendations have been ignored. They also warned that it will lead to inflation.

The Confederation of All India Traders (CAIT) stated, “A cursory look at the classification of goods under different tax slabs of GST reveals that certain items placed under the 28 per cent tax rate category needs to be re-classified under the appropriate tax slab from the point of view of micro-, small and medium enterprises (MSME) and consumers.”

“Pickles, sauces, instant mixes and some of the other items pertaining to food processing have been placed under the 18 per cent tax slab, though these are consumed by a large number of people across the country. Therefore, these and other similar items deserve to be placed in a lower tax bracket to maintain prices,” it added.

Dinesh Shahra, founder and managing director, Ruchi Soya Industries Ltd, said, “The fitment of five per cent GST on edible oils, as approved in the 14th GST Council meeting, is more or less on expected lines.”

“However, the fitment of a GST rate of 12 per cent on soya bari and five per cent on soya flour comes as a disappointment. Soya bari and soya flour are rich in proteins, and can be a major weapon in India's battle against protein malnutrition. Soy protein is the least expensive and nutritionally the most valuable and economical protein compared to that obtained from any other vegetarian or non-vegetarian source,” he added.

“We hope that the government will relook at the GST rates on texturised vegetable proteins, commonly known as soya bari and soya flour, and exempt them to promote the use of soy protein to prevent and treat protein malnutrition in the country,”

Vaibhav Kulkarni, Regulatory Committee Chairman and Board Member, Health Foods and Dietary Supplements Association (HADSA), said, “The industry is still evaluating the list suggested by the Council, which categories products in the zero, 5,12, 18, and 28 per cent GST categories.” Looking at nutraceuticals, there is still a bit of confusion, and it needs detailed deliberation and discussion to look into which category it fits,” he added.

“It is time now to have a separate head for nutraceuticals with a clear rate of tax mentioned for it. Also, the list which is given out by the Council needs to differentiate the categories, as health-based food items cannot be clubbed with the luxury products,” he added.

5 % GST on sugar to make sugar cheap in Tamil Nadu and Andhra Pradesh but no impact on other states

The consumers from Tamil Nadu and Andhra Pradesh, the two states which currently have VAT on sugar, will have to pay less once GST is introduced. While, consumers from the rest of the country will not have to bear any extra as the current rate of taxation on sugar works out to be about 5.5% Indian Sugar Mills Association is quite happy with the decision to impose 5% GST on sugar which it was an expected decision. Presently, sugar mills pay Rs. 71/quintal as excise duty on sugar and Rs 124/quintal as the sugar cess and education cess. At Rs. 3600/quintal sugar price, the current tax is about 5.5%.

However, though millers are happy, sugar traders wanted sugar to be included in 0% tax bracket.

C*reambell enters Tamil Nadu market; to invest Rs. 150 crore*

Creambell Ice Cream, brand of Devyani Food Industries, part of the USD 1.4 billion RJ Corp. has planned to invest Rs 150 crore as part of its foray in to Tamil Nadu market, a top official said.

"The company, which holds 15 per cent market share in the Rs 4,500 crore ice cream indusstry, would build strong presence in Tamil Nadu over next few years", Creambell, CEO, Nitin Arora said.

"We are happy to announce our entry in Tamil Nadu and we will be focusing over the next few years to build a strong presence here", he said. In the first phase, he said, the company would focus on establishing its brand in Chennai market through retail and vending push carts.

"Creambell expects to invest upwards of Rs 150 crore over the coming years to enhance presence and popularise the brand in the State", he said in a statement. On expansion plans in overseas market, he said the company was in the process of introducing the ice cream brand in Kenya, Zambia, Mozambique and Tanzania.

Creambell currently has 15,000 pushcarts and 70,000 retail stores across the country. It has state-of-the-art production facilities in Baddi, Himachal Pradesh, Kosi and Goa.

GEAC nod to commercial production of GM mustard

The Genetic Engineering Appraisal Committee (GEAC) has approved the commercial production of genetically modified (GM) mustard, a crop which been developed by team of scientists from Delhi University (DU).

Experts opined that this was a first step towards allowing GM crops in India. The decision has not been communicated officially yet. According to GEAC, it will now be sent to the ministry of environment for a final nod.

Milind Murugkar, agricultural policy analyst said, “GEAC is the highest regulatory body in India which approves GM crops for commercial release after several tastings and trials. The approval given by the committee for GM mustard should be endorsed by the government.”

“GM is a part of the food chain in India, as the country has been consuming imported edible oil such as soybean. The cotton seed oil produced in India is also produced by GM cotton seed,” he added.

Murugkar said, “There has always been concern at the global level regarding the health and environment issues related with GM foods.”

“However, there is not a single case of an adverse effect reported till date by the consumption of GM foods,” he added.

“In India, the production of edible oil is very low, and hence, a significant portion of India’s consumption is that of imported oil,” Murugkar stated.

However, GM technology is being fiercely contested by several organisations like the Bharatiya Kissan Sangh, which believe that GM seeds are not good for health.

MIT scientist Shiva Ayyadurai’s research, done last year, also raised questions on the functionality of genetically-modified organisms (GMOs) and their impact on plant behaviour.

Corporate Compliances: Necessity and Implication

The Companies Act of India ("Act") is the primary legislation which governs the functioning of the companies established in India during their lifecycle. The secretarial compliances refers to a list of periodic and event based compliances dictated by the Act to be adhered to by the companies incorporated in India. Failure to adhere to these compliances can become a costly exercise for a company that can be avoided.

The Act casts an obligation on the directors, company secretary and other senior officers of a company to comply with the various provisions of the Act, such as convening of periodic board and shareholders meetings, manner and modes in which the meetings are to be convened, manner of maintaining statutory records of the company, making event based and periodic filings in prescribed e-forms with the Ministry of Corporate Affairs, Government of India ("MCA"), appointment of various officers and directors on breach of specified thresholds under the Act, all times having a registered office.

Any contravention of the provisions of the Act attracts penalties, which have been categorically prescribed by the Act, on the company concerned and its officers in default. The penalties may be either civil or criminal in nature or both. For instance, failure to maintain a statutory register namely; register of members may attract penalty of INR 50,000 which may extend to INR 300,000 and with a further continuing penalty of INR 1,000 for the tenure during which the default continues or failure to properly prepare and sign the board's report entails a penalty of INR 50,000 which may extend to INR 2,500,000 on the company and the concerned officers of the company would be liable to a penalty varying from INR 50,000 to INR 500,000 or imprisonment of maximum 3 (three) years or both. Similarly, the Act prescribes penalties for each of the non-compliances which may have severe ramifications on the company and its officers. The strictness with which the courts view the responsibility and the sacredness of the trust reposed in the directors and its authorized persons has been emphasized in many cases.

Actions by the authorities

It has recently been observed that the authorities have become more vigilant towards secretarial compliances and are suo motto initiating prosecution on the companies and the officers of the companies who are in default basis the information available with them. There have been instances where the companies and its concerned officers have been penalised heavily by the authorities on account of violation of the provisions of the Act. The authorities are not taking a lenient view even in case of non-compliances which are not of grave nature and have been penalising them strictly with the fine as prescribed under the Act. Recently, the MCA has issued notices to about a quarter million companies in India who are not carrying on any business or operations over the last 2 (two) financial years and have failed to obtain dormant status from the Registrar of Companies. As per norms, the names of these companies would be struck off and the entities would be dissolved after providing them an opportunity of hearing. Since, the Indian Government is focussed towards developing a regime of self-governance; the aforesaid steps are being taken to develop a compliance based approach in functioning of companies in India.

Conclusion

Considering, the increased focus of authorities on compliance under the Act and the extent of liabilities which a company or its directors/ officers may incur on account of contravention of the provisions of the Act, it has become imperative on the part of the companies and their directors/ officers to focus on corporate compliances in true letter and spirit. Adopting a post-mortem approach by companies in dealing with the corporate compliances may prove fatal for their financial as well as regulatory health.

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