



FOOD PRO

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

From the President's Desk

UNION BUDGET-2017

Dear Members,

Union Budget 2017-18 was anxiously awaited. Conceptualized as a process to 'Transform' the quality of governance, 'Energize' economic growth through higher spending in rural areas, infrastructure, poverty alleviation & agri processes and 'Clean' India from the evils of corruption, black money & unregulated political funding, this budget has widened the scope and expectations of financial engagement.

The Hon'ble Finance Minister reiterated Govt's earlier declaration to double the income of farmers in five years through various initiatives such as irrigation projects, better procurement policy, financial credit schemes, wider insurance cover against losses, soil testing & improvement, strengthening post harvest handling, storage & transportation infrastructure, contract farming and value addition.

To promote the growth of manufacturing sector and to strengthen 'Make in India' program, corporate income tax rate has been reduced to 25% for all domestic companies with turnover up to Rs.50 crore. To encourage entrepreneurship and energize the MSME sector, the threshold limit for audit of business entities opting for presumptive income scheme has been increased from Rs. 1 crore to Rs. 2 crore.

Among the proposals to discourage cash transactions is disallowance of 'Depreciation' and 'Capital Expenditure' under Sections 32 and 35AD of the Income Tax Act, respectively, for cash payment.

A new restructured scheme named 'Trade Infrastructure for Export Scheme' (TIES) has been announced for strengthening export infrastructure.

No changes have been made in the Central Excise rate structure of food products. However, an item specific change in the rate of Custom Duty has been made for Cashew Nuts (roasted/salted) covered under CTH 2008 19 10 from the existing 30% to 40%.

As regards GST, the Hon'ble Finance Minister highlighted that major steps have been taken for the adoption of GST. He quoted, the passage of Constitution Amendment Bill & its ratification by States, decision on a wide range of contentious issues in nine meetings of the GST Council, finalization of the Model GST Law and development of a robust IT Administration Platform for implementing GST.

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The Hon'ble Finance Minister mentioned that a program has been planned to reach out to trade & industry by 1st April, 2017 to make them aware of the new Indirect Taxation System. It is evident that not much time is left and trade & industry would have to take immediate steps to be ready for adopting GST expected to be rolled out by July 1st, 2017. Software, infrastructure, training of personnel, refining accounting systems, confirming progress with suppliers/vendors and bringing everyone on board would be some of the important steps to be urgently taken by the trade & industry.

The future of Food Processing Industry greatly depends on the tariff levels to be fixed for food products under the GST system and the treatment accorded to its vast MSME segment which is the heart & soul of this sensitive sector having great socio-economic relevance. Industry's apprehensions in this regard deserve an early and thoughtful resolution. We look forward to the Hon'ble Finance Minister and the GST Council to make the right decisions in this regard in the wider interest of consumers and farmers, for providing nutrition at affordable prices and carving out a strong future role for India as the food factory of the world. We lead globally at the first, second, or third place in most agri commodities & farm produce but our share in international trade in the sector is most unimpressive.

With warm regards,
(Dr. S. Jindal)

Delegation of AIFPA met Sh. Pawan Kumar Agarwal, CEO, FSSAI



A delegation of AIFPA consisting of Vice President, Immediate Past President, Chairman, T&FRAC-AIFPA and representatives from members food industries like Bikano, Haldiram and PepsiCo lead by President, AIFPA met Chief Executive Officer (CEO), FSSAI on 30th Jan 2017 in his office regarding certain fears/apprehensions got created by the news items of so called "Junk Foods" for banning / taxing etc. in the near future.

CEO, FSSAI heard the President, AIFPA and other members very patiently and dispelled the unfounded fears / apprehensions about the processed food having High Sugar, Salt and Fat levels.

CEO, however, informed that FSSAI is in the process of constituting a "Scientific Panel" which will suggest "National Dietary Guidelines" on foods having High Sugar, Salt and Fat (HSSF) levels.

However, CEO, FSSAI expected from the Food Industry to voluntarily come forward and start campaign for bringing awareness regarding requirement of Safe and Nutritious foods. He also expected that though there is no provision to sell loose edible oils, ground-spices but these are still being sold in large quantities in the country. This has safety & hygiene issues. Association/Chambers and food processing units come forward to voluntarily start campaign for the safety concerns in purchasing and consuming food items sold in loose/packed.

The meeting ended with a happy note and the delegation thanked CEO, FSSAI for his positive and pro-active actions in the various areas of food regulations.

Up-coming Events

Event : **AAHAR-2017**
 Dates : 07-03-2017 to 11-03-2017
 Place : Pragati Maidan, New Delhi
 For information on participation : Mr. Rameshwar Maurya
 in AIFPA's pavilion, contact : Tel:- 011-41550860, Mobile:- 08744088116
 E-mail:- maurya@aifpa.net

Event : **Recent Developments in Food Processing Technology and Opportunities & Challenges of Foreign Direct Investment (FDI) in Food Retail**
 Date : 09-03-2017
 Place : Conference Hall No. 8, Pragati Maidan, New Delhi
 For information, contact : Mr. Rameshwar Maurya
 (M):- 8744088116, Tel:- 011-41550860
 E-mail:- maurya@aifpa.net

Event : **Overall Scenario of Organic Foods & Emerging Market Opportunities**
 Date : 10-03-2017
 Place : Seminar Hall No. 7, Pragati Maidan, New Delhi
 For information, contact : Mr. Rameshwar Maurya
 (M):- 8744088116, Tel:- 011-41550860
 E-mail:- maurya@aifpa.net

Regulatory & Food Safety Issues

FSSAI have issued the following Gazette Notifications and Notices for Claims, Suggestions and Comments:

Gazette Notifications:

1. Final Gazette Notification on FSS (Food Recall Procedure) Regulation-2017. **(Uploaded on: 25.01.2017)**
2. Gazette notification on Food Safety and Standards (Contaminants, Toxins and Residues) First Amendment Regulation, 2017 regarding 'revision of the Standards of list of Histamine Forming Fish species and limits of Histamine level for Fish and Fishery products'. **(Uploaded on: 25.01.2017)**

Notice for Claims, Suggestions and Comments within 60 days from uploading of this notice on the website:

S.No.	Notice for Claims, Suggestions and Comments	Last date for comments
1	Notice Calling for suggestions, views, comments etc. from stakeholders within a period of 30 days on the draft notification related to revision standards of Cane Jaggery or Cane Gur & Sodium Saccharin (food grade) and standards for Calcium Saccharin (food grade). (Uploaded on: 10.01.2017)	10.03.2017
2	Notice Calling for suggestions, views, comments etc. from stakeholders within a period of 30 days on the draft notification regarding Quality of Vegetable Oil for Repeated Frying in Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 (Uploaded on: 16.01.2017)	16.03.2017
3	Notice Calling for suggestions, views, comments etc. from stakeholders within a period of 30 days on the draft notification related to standards of Complementary Foods for Older Infants and Young Children. (Uploaded on: 16.01.2017)	16.03.2017
4	Notice Calling for suggestions, views, comments etc. from stakeholders within a period of 30 days on the draft notification related to standards of Sorghum Flour, Soybean, Soy Protein Products, Whole Maize (Corn) Flour, Wheat Protein Products Including Wheat Gluten, Durum Wheat Semolina and Whole durum wheat semolina, Durum Wheat, Finger Millet (Ragi) and Amaranth. (Uploaded on: 16.01.2017)	16.03.2017
5	Notice Calling for suggestions, views, comments etc. from stakeholders within a period of 30 days on the draft notification related to standards of Milk Protein Concentrate (MPC) and Whey Protein Concentrate (WPC). (Uploaded on: 16.01.2017)	16.03.2017
6	Notice Calling for suggestions, views, comments etc. from stakeholders within a period of 30 days on the draft notification regarding insertion of new standards for Shea Butter and Borneo tallow and inclusion of fatty acid composition for various edible vegetable oils in Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011. (Uploaded on: 16.01.2017)	16.03.2017
7	Notice Calling for suggestions, views, comments etc. from stakeholders within a period of 30 days on the draft notification related to standards for Date Paste, Fermented Soybean Paste, Cocoa Mass or Cocoa / Chocolate Liquor and Cocoa Cake, Vegetable Protein Products, Thermally Processed Fruit Salad/Cocktail/Mix, Harrisra (Red Hot Pepper Paste) and Cocoa Powder. (Uploaded on: 17.01.2017)	17.03.2017

For details of notification, kindly see FSSAI website.

FBOs cannot use oils with total polar compounds exceeding 25%: FSSAI

In a bid to bring clarity over the repeated use of cooking oils, the Food Safety and Standards Authority of India (FSSAI) has proposed that vegetable oils whose total polar compounds (TPC) are in excess of 25 per cent cannot be used by the food business operators (FBOs) for the purpose of frying.

The draft notification issued by the regulator stated that the following details be included under the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011, under Schedule 4, Part V, Clause II, Sub-clause 3(j). However, vegetable oil having over 25 per cent TPC cannot be used.

FSSAI brings direct selling companies under its ambit

Food Safety & Standards Authority of India (FSSAI) has issued draft guidelines for direct selling companies, bringing their agents too under its ambit as it is necessary to ensure that direct selling food business operators have the mechanism to help consumers on issues related to safe and wholesome food.

All food business operators will need to take relevant FSSAI licenses, to be updated on a quarterly basis, along with details and identities of the sales force. Companies will need to take undertakings of their agents and be liable to sampling and checks by the authorities. FSSAI has also made it necessary for companies such as Herbal Life and Amway to have a grievance redressal mechanism and the guidelines also include compliance with recall orders for companies and their agents. In September last year, the Ministry of Consumer Affairs had issued regulatory guidelines on direct selling, aimed at creating a distinction between legitimate direct selling and fraudulent schemes.

The food regulator has also been focusing on improving hygiene practices and safety standards among street vendors and spreading awareness about food safety and in September, had issued draft norms under which online food business operators will have to obtain licence from it for the entire supply chain.

McDonald's under Maha FDA radar over soft drink warning

Hardcastle Restaurants that runs McDonald's outlets in South and West India has been ordered by the Maharashtra Food and Drug Administration (FDA) to serve soft-drinks only with warning labels. In the order issued by FDA, it said Hardcastle Restaurants should put the "contains caffeine" label on cups and glasses when serving carbonated beverages at its outlets. Because there are ill-effects of caffeine on susceptible groups such as children and pregnant and lactating women.

FDA commissioner Harshdeep Kamble said, the matter pertaining to a McDonald's outlet in Kolhapur, which was under the FDA scanner last year, had been extended to all McDonald's restaurants in the state. Kamble also said the food safety regulations of 2011 were clear that products containing caffeine should be declared irrespective of whether the container was sealed or not.

Sometime back Hardcastle Restaurants defied the notice issued by Kolhapur Food Safety Officer BD Mule in August, saying he had exceeded his authority by asking the company to display the "contains caffeine" label on soft-drinks containers. A spokesperson of Hardcastle Restaurants said "McDonald's India adheres to all statutory requirements, and follows all applicable laws pertaining to mandatory food labelling." The company argued that it was impractical to place warning labels on all cups and glasses and that food safety standards were interpreted wrongly in this matter.

The Food Safety and Standards Authority of India (FSSAI) made it compulsory for beverage companies, including the cola majors, to disclose the quantum of caffeine on packs if the level crossed 145 mg per litre. The rules applicable from July, also asked companies to mention on labels that consumers should not consume more than 500 ml of caffeinated beverages per day.

CIFT acknowledged as national level referral laboratory

Through a government of India notification, Central Institute of Fisheries Technology (CIFT) under the Indian Council of Agricultural Research (ICAR) has been notified as a national level referral food laboratory. The mandate of the institute is notified as for the whole of India and the scope of testing includes physio-chemical analysis, bacteriological tests, detection of viruses, bacterial toxins, and anti-bacterial substances, other microbiological tests, and analysis of pesticide residue and heavy metals in fish and fishery products, said a press release.

A major directive of the referral laboratory is dispute resolution whenever there is variance in the test reports of two laboratories. As per the Food Safety Act, the designated officer can send the sample to the referral laboratory for opinion against any appeal on the report submitted by the food analyst. The referral laboratory's decision will be considered final in cases where opinion is sought for settling a dispute or when samples are submitted through the legal route.

The referral laboratory has many other functions which include analysis of samples of food sent by any officer or authority authorised by the Food Safety and Standards Authority of India for the purpose and submission of certificates of analysis to the authorities concerned; examination in collaboration with laboratories of food analysts in various States and such other laboratories and institutions which the food authority may approve on its behalf; investigation for the purpose of fixing the standard of any article of fish and fishery product.

CIFT Director C.N. Ravishankar said that technologies developed by the institute had played a pivotal role in modernising the harvest and post-harvest sectors of fishery in India, making the country a major exporter of processed fish and fish products.

Noodle standards prescribed; seasoning to be labelled on package

After the controversy surrounding noodles last year, the Food Safety and Standards Authority of India (FSSAI) issued a notice related to the standards for instant noodles. The seasoning accompanying the noodles shall be labelled distinctly on the package, stated the notice, adding that the two are separate products and shall hence be tested separately.

Food concern portal launched for consumers to share feedback

In a move aimed at making food business operators (FBO) more responsible in their outreach to the customers, the Food Safety Standards Authority of India (FSSAI) has launched a portal on which customers can share their feedback about the packaged food they purchase and the service they got from a retail outlet or a restaurant. The portal's homepage reads Share Your Concern.

MoFPI, state govts identity, upgrade labs near airports, ports

In a bid to streamline clearances and ensure food safety, the ministry of food processing industries (MoFPI) is working closely with the state governments to identify laboratories near points of entry and exit, such as ports and airports, so that they can be updated and accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL).

Final list of 11,000 food additives operationalized

Food Safety and Standards Authority of India (FSSAI) has operationalized the final list of 11,000 food additives that can be used by food businesses in various food categories. This culminates an important process in developing food standards for food additives that began about three years ago.

News Briefs

Mixed response to demonetization from economists, businesses: PHD Chamber

Releasing the survey on the demonetization to remonetisation process, Gopal Jivrajka, President, PHD Chamber of Commerce and Industry, stated that there was a mixed response from economists, businesses and people. Eighty-one per cent of the economists who responded cited a significant impact on India's economic growth in the shorter term, adding that the benefits of demonetization would help in sustaining economic growth in the longer term.

The questionnaire for the survey, undertaken by the PHD Research Bureau of PHD Chamber of Commerce and Industry in Dec. 2016, was structured. The respondents comprised over 50 economists and analysts, 700 businesses and 2,000 people.

73% of the respondents in the business segment were facing a huge cash crunch due to demonetization. They stated that they were unable to fulfill their daily cash obligations.

Production has been impacted directly or indirectly, not only in the unorganized sector, but also in the organized sector, stated the survey.

MoFPI aims to double FDI to \$1 bn in about 2 years

The ministry of food processing industries (MoFPI) aims to double the foreign direct investment (FDI) in the sector, which is currently estimated to be approximately \$500 million, in the next two years. It is hopeful of achieving this target, as the government of India has permitted 100 per cent FDI in the sale of food products manufactured in India.

Stating that the ministry had, in the recent past, had talks with a number of food giants who expressed their interest in investing in the country, a senior MoFPI official stated, "The ministry is hopeful that the momentum will continue after the target has been achieved, and a billion dollars will be pumped into the food processing sector every year."

The signs are already visible, as sources in MoFPI confirmed that food e-tailers such as Big Basket, Grofers and Amazon had sent proposals to the government for FDI in online food retails.

It is pertinent to mention here that the investors have demanded that the policy related to the sale of home and personal care products manufactured in India be opened with that of food products.

According to the presentation submitted to the ministry, they claimed that the international model permitted the sale of both food and home and personal care, and was thus more viable. However, how the government will go ahead with such a situation remains a question.

Meanwhile, claiming that the fear amongst the micro, small and medium enterprises (MSME) in food processing sector was misplaced, a senior MoFPI official stated that the ministry was in constant talks with the ministry of finance on the goods and service tax (GST) rates for the food processing sector. He added that the rates of tax and duty would remain the same as they were at present (about 12 per cent).

Ministry gets budgetary allocation of Rs. 6,000 crore for next five years

The ministry of food processing industries (MoFPI) received a budgetary allocation of Rs. 6,000 crore by the government to spend over the next five years. The allocation is a boost for the ministry, whose budget was slashed earlier. Some MoFPI schemes, such as the National Mission on Food Processing (NMFP) was handed over to the states for implementation.

Company News

Bikano to launch 'Ready to Eat' foods

FMCG company Bikano on Tuesday said it will launch 'Ready to Eat' product ranges in the domestic food market early next year. According to the company, the new packaged food products will be launched in native flavours such as *Shahi Paneer*, *Rajma* and *Saag*.

"Bikano's vision is towards a healthy India with focus on preparations of products in a hygienic environment with strict quality measures and the correct proportion of nutritional value, which ultimately supports idea of being healthy yet keeping the traditional taste alive," Manish Aggarwal, Director, Bikanervala Foods, said in a statement.

"We plan to enhance our production capacity to meet the increasing demand in domestic market over the next two to three years."

The company has already started exporting 'Ready to Eat' products in overseas markets including the US, Dubai, the UK, Canada and New Zealand, the statement added.

Patanjali Food Park in Assam to get mega industry status

Patanjali Ayurved's proposed Rs 1,000 crore herbal and food park in Assam will receive the status of a mega industry, the state government said.

Chief Minister Sarbananda Sonowal laid the foundation stone for the Patanjali Herbal and Mega Food Park at Balipara on November 6.

The park will be spread over 150 acres and manufacture products such as cosmetics, nutrition and kitchen essentials. The facility will have an annual production capacity of 6.57 lakh metric tonnes.

Coke launches non-carbonated drink, Aquarius

Cola major Coca-Cola India today expanded its portfolio by launching an active hydration beverage. Aquarius is one of the top \$20-billion brand of the American beverages giant globally. Aquarius is a lemon flavoured non-carbonated, low calorie beverage containing sodium, calcium and potassium, and the lemon flavoured drink will be available at Rs 30 for 400ml.

Jugnoo's Meals, RTE food delivery in Gurugram

Jugnoo has launched Meals, its ready-to-eat food delivery service, in Gurugram, Haryana. The meals will be prepared in its in-house kitchen, packaged and delivered by the team.

Nitish Singh, chief financial officer, Jugnoo, heads the Fresh and Meals verticals. He said, "After launching the service in Chandigarh and Jaipur, venturing into Gurugram was quick and easy, especially to end the year with optimism." "Additionally, factoring in the improving auto-rickshaw situation in the city, the idea is to keep auto drivers profitably engaged," he added.

"Also, as a huge number of people relocate to the city for work from different parts of the country, they find it difficult to order homely food at affordable rates. We are trying to bridge this gap for them," he added.

Budget-2017

The agenda for 2017-18 is “**Transform, Energise and Clean India**” – TEC India seeks to clean the country from the evils of corruption, black money and non-transparent political funding as well as transform the quality of governance.

Some broad highlights of this year's Budget:

Personal income tax

- Existing rate of taxation for individual assesses between income of INR 2.5 lakhs to INR 5 lakhs reduced to 5% from the present rate of 10%.
- Surcharge of 10% of tax payable on categories of individuals whose annual taxable income is between INR 50 lakhs and INR 1 crore.
- 15% surcharge on income above Rs 1 cr to continue.
- The threshold for maintenance of books for individuals and HUF increased from turnover of INR 10 lakhs to INR 25 lakhs or income from INR 1.2 lakhs to INR 2.5 lakhs.
- Holding period for immovable property for applicability of long term capital gains tax reduced to 2 years from 3 years.
- No cash transactions above INR 3 lakhs will be allowed.

Corporate taxation

- MAT credit is allowed to be carried forward up to a period of 15 years instead of 10 years at present.
- In order to make MSME companies more viable, income tax for companies with annual turnover upto INR 50 crore is reduced to 25%.
- Threshold limit for audit of business entities who opt for presumptive income scheme increased from INR 1 crore to INR 2 crores.

Goods and Services Tax (GST)

- The GST Council has finalised its recommendations on almost all the issues based on consensus on the basis of 9 meetings held.
- Preparation of IT system for GST is also on schedule.

Other important announcements

- Effective excise duty and customs rate have been revised on certain specified items.
- Research and Development Cess Act, 1986 is proposed to be repealed.
- Foreign Investment Promotion Board to be abolished in 2017-18 and further liberalisation of Foreign Direct Investment policy is under consideration.
- A model law on contract farming to be prepared and circulated among the States for adoption.

Sh. P.L. KAUL APPOINTED AS CHAIRMAN OF STEERING COMMITTEE OF TIFAC



Sh. P.L. Kaul, CMD of Mariental India Pvt. Ltd. and Past President of AIFPA has been appointed as **Chairman** of the “**Steering Committee of Technology Information, Forecasting and Assessment Council (TIFAC), Department of Science & Technology, Govt. of India for “Technology Vision 2035” for Agro Food Processing in India**”. AIFPA congratulates Sh. Kaul on this honour conferred on him.

Suggestions from Members of **AIFPA**, Entrepreneurs venturing into **FPI**, and all other stake holders including farmers, primary and secondary processors, manufacturers of process Plant & Machinery, Wholesale suppliers, distributors and exporters etc. are welcome so that the proposed **Vision-2035** for the development of the Indian Food Processing sector becomes the most sought after guideline for the Central & State Governments.