



INDIAN CHAMBER OF COMMERCE

Press Note from Indian Chamber of Commerce

COVID-19 Impacts on Indian Food Processing Sector

The government notification states that food processing is considered as an Essential sector and therefore is exempted from the ambit of Lockdown, but in some Districts, local administration is not allowing the food processing units to continue their operations. The labour engaged by the processing units, the exporters themselves and their minimal staff are facing hindrances in operating, movement and due to which entire operations have come to a grinding halt. It has also been noted that exporters are finding it difficult to move their cargo to the Indian ports and has been observed that manufacturer-exporters are forced to close down their processing units by local authorities.

Food processing manufacturers are facing huge shortages of raw materials due to supply chain disorder and are finding it difficult to deliver finished products to the retail stores due to the restricted movement of trucks and interstate transportation. It is suggested that Government should lay special emphasis to ensure inter-state movement of raw materials for the food processing industry during the three-week lockdown, and can issue necessary permits immediately to all people who are part of the food industry supply chain. ICC also recommends that the international courier agencies should be permitted to operate with minimal staff to deliver shipping documents to the buyers abiding by the norms to prevent any kind of contamination. This would help exporters in a big way.

Given the current situation, business should have an option to contribute above the 2 percent of CSR mandatory cap to deal with the current situation. This would certainly help the country during the crisis period. However, the above 2 percent should be adjusted later against the future CSR liabilities. The same 'additional amount' (over and above 2 percent) can be reduced from 2 percent of the future fiscal years. Since the need to spend these funds is now. ICC suggests that a 90 days tax holiday should be provided to all working in the agriculture and food processing sector so as to help the same cope up with the crisis financially.

The food processing industry has to procure raw materials from the farmers, however liquidity crunch during the sudden lock down period is impeding the process. A special fund creation by NABARD for this crisis period can immensely help both the industry as well as the farmers in seamless procurement of raw materials by the food processing units while also ensuring that farmers get the right price for their produce.

ICC suggests practicing one standard operating procedure by local law enforcement agencies in every state to avoid any misinterpretation leading to any kind of misunderstanding of the process. In order to make consumer items available in the market, all food processing companies should be allowed to keep their manufacturing facilities open under the safety guidelines and the central government to suitably inform the state authorities not to call for closure of food processing units as it is necessary to maintain uninterrupted supply of food items to the people of the country without any gap between demand and supply.

ICC strongly requests the intervention of Ministry of Health & Family Welfare in association with the Ministry of Food Processing Industries and FSSAI must keep an eye out on the situation in order to successfully gather evidences from global agencies and scientific groups of any such transmission of COVID 19 resulting from food items and the government should

also issue a directive that may clearly specify that packaged food companies are exempted from the lock down so that trucks and distribution can operate.

There should be seamless flow of agricultural produce to the Food Parks and the various Food Processing Sectors across the country. The national lock down is hampering the flow of goods to the processing centers and subsequent production and sales of processed food. This should be included under the ambit of Essential Services Maintenance Act which has been invoked.

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