

REGIONAL UPDATES ON THE IMPACT OF COVID-19 ON THE SPICE INDUSTRY

REGION : INDIA

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DESIGNATION : VICE PRESIDENT - VALUE ADDED AGRICULTURAL PRODUCTS

COMPANY : ITC LIMITED (AGRI BUISNESS DIVISION)



WHO ARE WE:



ITC is one of India's foremost private sector companies with a diversified presence in Agri-Business , FMCG , Hotels , Packaging , Paperboards & Specialty Papers.

<https://www.itcportal.com/>

ITC Spices ,a dedicated unit of ITC Agri Business Division, is one of the leading suppliers of food safe Indian Spices to more than 26 countries across the globe. ITC Spices has implemented large-scale interventions at the farm level which focus intensely on building sustainability by balancing economic , social and environmental resources

<http://www.itcspices.com/>



UPDATE ON COVID-19 IN INDIA

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As on May
06,2020



33514
Active Cases

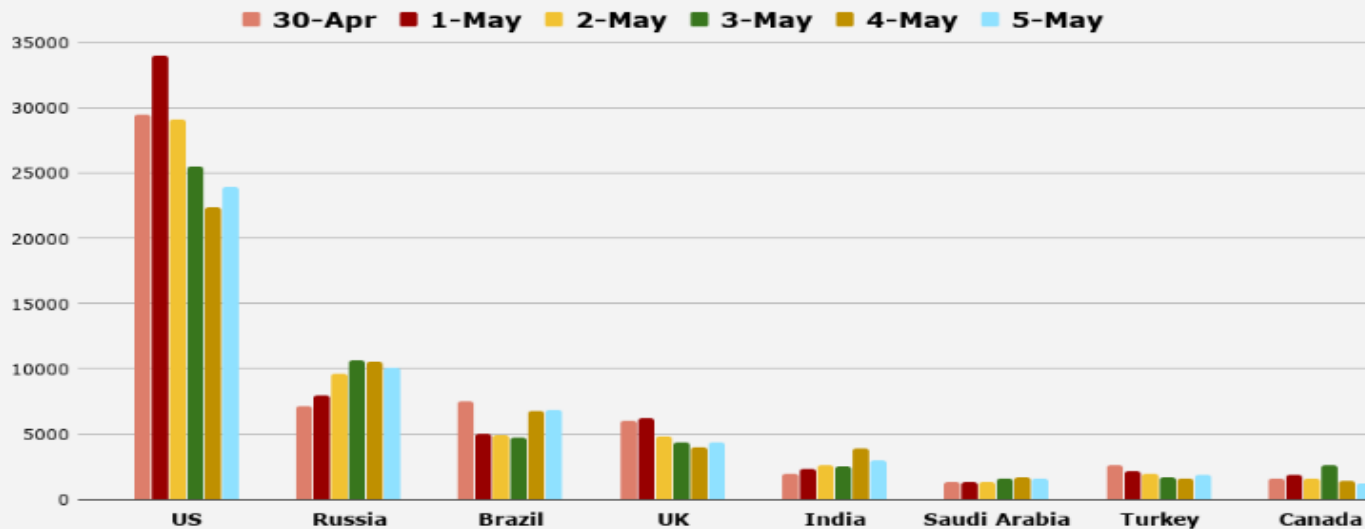


14182
Cured / Discharged



1694
Deaths

Day Wise New Cases in Highly Infected Countries



Highlights:

- World's biggest lockdown - 1.3 Billion People
- Doubling rate has slowed down to 12 days
- Recovery Rate increased from 13% to 25%
- Lower fatal cases

LOCKDOWN 1.0

- 21 days (March 24th to April 14th)
- Clear guidelines
- Travel & transportation ban



LOCKDOWN 2.0











- 21 days (April 15th to May 5th)
- Substantial increase in testing
- Agriculture & food transportation eased



LOCKDOWN 3.0

- 14 days (May 5th to May 17th)
- Districts across India classified as Red, Orange and Green

LOCKDOWN 3.0 IN INDIA

	RED ZONE	ORANGE ZONE	GREEN ZONE
COVID-19 Positive Cases	Remains High	Flattened Curve - Minimal Cases	No Cases in Past 2 weeks
All modes of travel & public transport			
Educational Institutions & Public Gathering			
Business Functionality	➤ Permitted –Food Processing , Medicines , Essential Goods , Packaging & Export Oriented		
Offices	➤ Private Offices to operate with up to 33% strength		
Agricultural Activities Permitted	➤ All agricultural activities such as sowing ,harvesting ,procurement and transportation ➤ Processing , Transportation , Warehousing (including cold chain) and marketing of agricultural produce/food products including exports.		

AGRICULTURE AND ALLIED ACTIVITIES HAVE RESUMED



**PAN-INDIA RESUMPTION IN AGRICULTURAL OPERATIONS - ITC - AGRI BUSINESS
SPEARHEADING NORMALISATION IN COLLABORATION WITH GOVERNMENT AGENCIES**



IMPACT ON THE SPICES INDUSTRY

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INDIAN SPICES HARVEST CROP

CALENDAR

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Chilli									
Cumin									
Turmeric									
Coriander									
Fennel									
Fenugreek									
Celery									

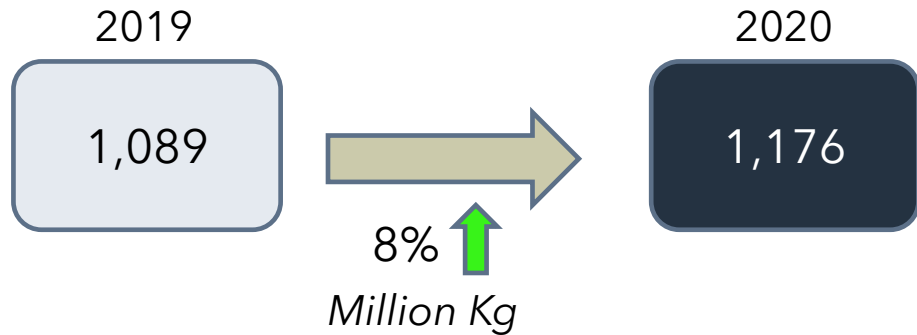
COVID-19 OUTBREAK

March to April : Peak arrival period for most Spices in India.

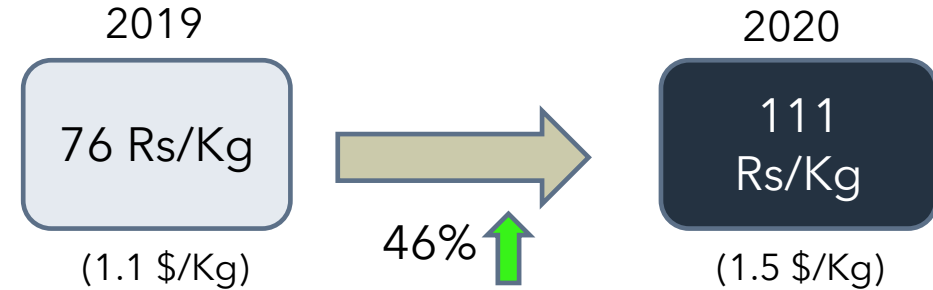
Activities back on track , after initial slowdown , with easing of restrictions for agriculture.

CROP UPDATE MAY 2020 - CHILLI

CROP -SUPPLY



SEASON PRICES

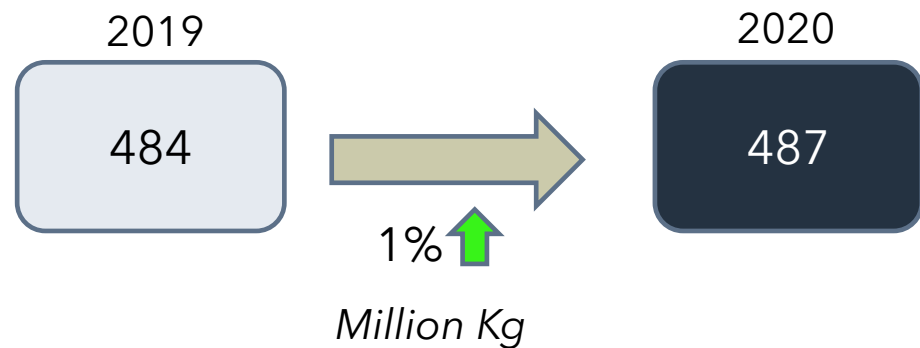


Update:

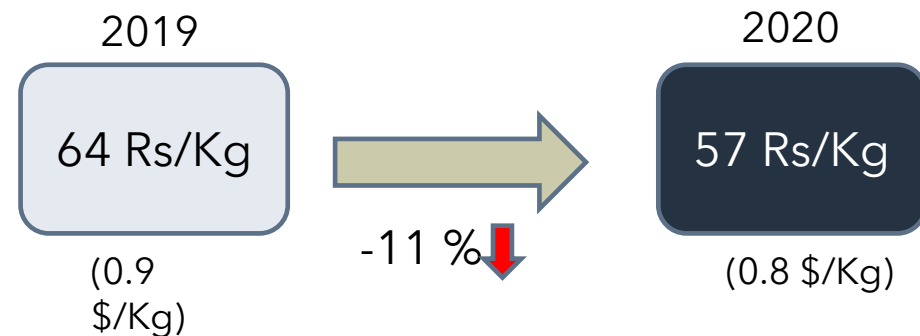
- Crop is at **final stage of harvest** and ~90% of the harvesting has been completed.
- Labor - Availability and cost a challenge to the farmer
- Farmers moved **produce to cold storages** in anticipation of price hike in the coming months
- China commenced sourcing of high heat Chilli from India , during April 2020 - **pushing up demand & prices**
- Domestic buyers are sourcing on a low key - **expected to scale up** post lifting of lockdown
- Exporters have entered the market late - sourcing critical requirements through suppliers

CROP UPDATE MAY 2020 - TURMERIC

CROP -SUPPLY



SEASON PRICES

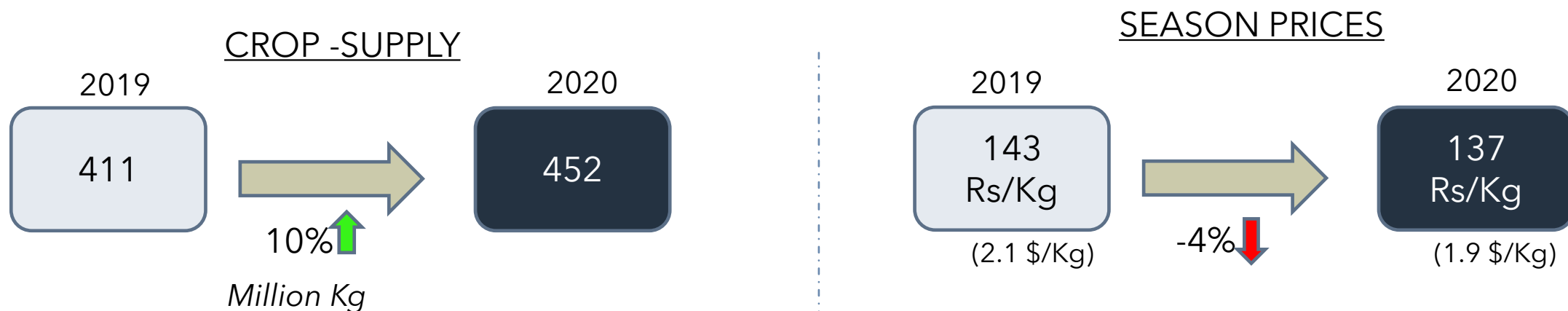


Update:

- Over-all production **decreased by ~3%** ; carry forward stocks increased by ~19%; overall **supply similar to 2019**
- **Post harvest** activities in progress. About 75% of the production still held by farmers.
- All **major markets closed** due to lockdown; few markets in Maharashtra and Tamil Nadu opened post 20th April
- Prices running at **6 year low** - future crop ?

* Crop Update - Basis ITC Survey ,Price - Average at Mandi level, \$ conversion- 1

CROP UPDATE MAY 2020 - CUMIN



Update:

- IPM crop is limited in volume ; coupled with issues pertaining to locust attack; **prices expected to remain firm**
- Purchases of new crop impacted from March'20; **farmers holding stocks** ; farm gate purchases continuing
- Local Government **Tax @ 2%** will push prices up

CHALLENGES - SPICE VALUE CHAIN - UPDATE

INITIAL



Transportation Restrictions - Challenges for interstate and intrastate movement



Labor - Movement restrictions along with exodus of migrant workers - impact on farming and manufacturing



Courier Services - Services temporarily halted impacting dispatch of samples and shipping documents



Port Operations - Issues with container availability and shipping line connectivity



CURRENT UPDATE

Movement of **essential commodities permitted** by Government

Local as well as in-house labor being engaged for smooth continuity of operations

Workaround - self certification approval & telex release of documents

Resumption of normal operations - container terminals, authorized customs clearing & forwarding agents

Future Challenges - Scalability , Marketability and Integrity of supply

CONTINUITY WITH CAUTION



- ✓ Government has been working on major Agri reforms such as e-sourcing and e-marketing
- ✓ Government has classified Spices under "**essential foods**", permitting continuity of all operations

Spices Board - Circular for exemption of Spices Board sampling and stuffing requirement for countries where certificate is not mandatory.

Port Operations - Operations of container terminals, functioning of authorized custom clearing & forwarding agents are being allowed under restrictions as proposed by local authorities

Country of Origin (COO) Certificate - Now available online , reducing lead time

Post Covid India to emerge as a stronger source of Spices Supply with Agri & Economic reforms



ACTIONS TAKEN BY INDUSTRY

COVID LOCKDOWN - KEY ACTIVITIES IN SPICES INDUSTRY



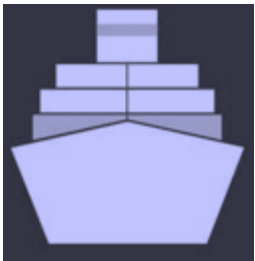
Procurement

- ✓ Leveraging direct farmer linkages – farm-gate sourcing of Spices
- ✓ Adherence to Government norms
- ✓ Hygiene and safety



Manufacturing

- ✓ Operating within approved norms for food processing industry
- ✓ Scanning and health check of workers and other staff
- ✓ Health, hygiene and safety norms



Logistics

- ✓ Continuity of shipments – working out options with shipping lines ; alternate ports / routing
- ✓ Normalcy expected by June 2020

Suppliers with ground level presence and ability to mobilize resources faster will prevail

ITC SPICES – SOME KEY INTERVENTIONS



Statutory Approval

- **Approval** for continuity of operations – farm gate sourcing ,pre-processing ,factory ,lab & transportation
- **Permission** from local authorities for people movement



Safety & Hygiene

- **Safety task force**
- Compulsory use of **masks** , infrared **thermometers** and **hand sanitizers**
- Safety training to all staff ; periodic updates and health checks
- **Social distancing** at people assembly points, entry and work areas



Welfare

- Stay arrangements made **within factories** for key personnel
- **Recognition** of individual and team efforts in these difficult times ; incentives
- **Advisory** for self and family care ; **emergency procedure SOP**



Social Responsibility

- Significant **contribution to the Prime Minister's relief fund** ; Provincial Government funds
- **PPE for health and sanitary personnel** in all operating locations
- Sanitisation tunnels and health check booths

THANK YOU

*SPICES IN INDIA : **GREEN & ON-GOING !!!***