innovative WAREHOUSING SOLUTIONS
Reducing Post-Harvest Losses

The Indian farmers are producing surplus foodgrains every year and that has made the country not only self-sufficient in food production but also leading exporter of many commodities. As the production has been growing, the storage and warehousing have been a major concern. The existing approach of warehousing has led the country to lose foodgrains worth thousands of crores every year.

"Precisely, India loses about Rs 80,000 crores of agriculture produce every year during the post-harvest period. Being an agriculture-centric nation and one of the largest producers, it becomes crucial that not even a morsel is wasted and all efforts should be made to prevent this," says Sandeep Sabharwal, Founder and CEO, Sohan Lal Commodity Management.

In India, agriculture sector as a whole and its supply chain process are very fragmented. Thus, the sector demands deep focus on warehouse management as a part of post-harvest solutions.

Echoing similar views, Sunoor Kaul, Director, Origo Commodities, says, "At the farmers' level there were no storage facilities and it affects the cost of production vis-a-vis selling price of the produce. There are gaps in warehouse management. The gap is still of about 30-35 million tonnes of storage."

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The recommendations further add, FCI should move on to help those states where farmers suffer from distress sales at prices much below Minimum Support Price (MSP), and which are dominated by small holding farmers, like Eastern Uttar Pradesh, Bihar, West Bengal and Assam. This is the belt from where second green revolution is expected, and where FCI needs to be pro-active, mobilising state and other agencies to provide benefits of MSP and procurement to larger

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Founder and CEO
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Management

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Changing Scenario

The warehousing and storage scenario has moved from the state agencies like Food Corporation of Indian and Central Warehousing Corporation to the private players. The government also promotes the private players by subsidies, incentives, loans on low interest rates and other ways. This has been given status of a sector, exempted from service tax.

"The streamlining of the sector has to happen by the operators. For growth, the government provides incentives, doing policy interventions which are already structured and in play," says Pawanexh Kohli, CEO, National Center for Cold Chain Development.

The regulatory bodies are taking steps to encourage public-private-partnerships especially in the area of crop storage. The government has urged private players to offer scientific management services at their warehouses to reduce wastage.

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One of the major players, Sohan Lal Commodity Management (SLCM) is equipped with the technology to offer storage and protection services for the entire

range of agri-commodities. SLCM has been handling more than 157 agriculture commodities including cotton, barley, bajra, castor seeds, wheat, pulses, maize, spices, aloe vera, among others across India. The company manages a technology enabled network of more than 760 warehouses and 15 cold storages across 17 states with a total capacity of over 1.76 million metric tonnes spread over 9.62 million square feet area and a throughput of more than 240 million metric tonnes.

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Even the India continues to increase the production by various scientific methods, it will keep losing the 10 percent of the produce or even more after the harvest, so addressing the problem of post-harvest losses becomes essential. Addressing the same, SLCM initiated a shift to change the perception from infrastructure driven to scientific warehousing processes. This has been visible in the recent government policy change with its inclination towards scientific warehousing and its promotion.

"We have been constantly innovating methods that have proved instrumental in reducing post-harvest losses from 10 percent to merely 0.5 percent. We have devised 'Agri Reach' which is an amalgamation of warehousing expertise and technological process that result in saving the losses by 9.5 percent on industry standards," says Sabharwal.

"It is a form of solution that the sector needs to move and initiate implementing scientific methods of warehousing to avoid post-harvest losses. If it is practiced on the entire crop, it can translate into savings of Rs 76,000 crores," says SLCM CEO.

Another player, Origo Commodities is operating over 350 warehouses and has 3.5 million tonnes of commodities with a value of US $1.5 billion under management. Origo is working with farmers by setting up approximately 100 Farmer Producer Organisations (FPOs) across Maharashtra, Rajasthan, Andhra Pradesh, Telangana and Karnataka.

"The major challenge was that the whole supply chain of agri-commodities remains fragmented. Trust was missing among stakeholders like farmers, procurement agencies and trading houses. That is why diversified product-fold comprises warehousing services, certification, financing, procurement, technology and marketing which forms end-to-end supply chain solutions for agro commodities," says Kaul of Origo Commodities.

On the other hand, to meet the requirement of the private sector, National Collateral Management

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Roadblocks

There has been a big issue of rotting foodgrains in the open air in the monsoon in a country where around one third of population live below-poverty-line and don't have sufficient food and nutrition. Experts opine that the mindset is *the biggest problem behind* the rotting of foodgrains.

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way, long back. We provide the warehouse management services to our clients in their own or nearby locations within 48 hours. This entire procedure just needs an expense of Rs 35,000 to convert a space into a warehouse. This prevents the farmers to travel from a distant place in search of storage spaces", says Sabharwal.

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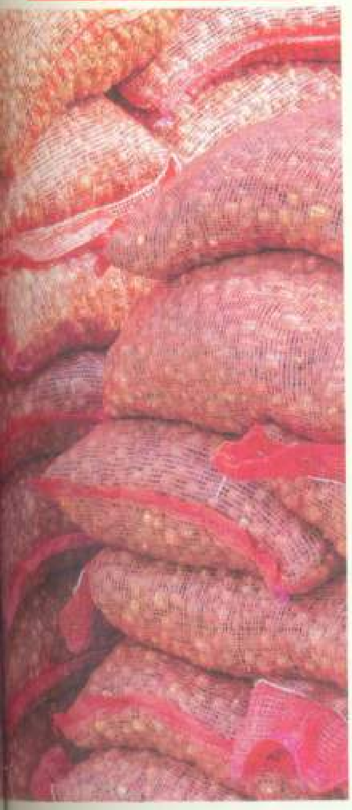

Avoiding distress sale

In the absence of procurement agencies, farmers sometimes have to sell their produce below the MSP. To avoid the distress sale of agricultural commodities, the above mentioned HLC has recommended that Negotiable Warehouse Receipt System (NWRS) should be taken up on priority and scaled up quickly. Under this system, farmers can deposit their produce to the registered warehouses, and get 80 percent advance from banks against their produce valued at MSP. They can sell the produce later when they feel prices are good for them.

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The waste of foodgrains not only creates losses to the farmers but also hits the economy. And therefore, this is the time to give a paradigm shift to the traditional approach and create better market linkage with the warehousing. Farmers, cooperatives and private players can play vital role in bringing the change in the sector. Moreover, the sector also seeks favourable policy interventions and tax exemptions for sustainable warehousing services. R&M

Innovative Warehousing: Reducing Post-Harvest Losses

By Mohd Mustaquim, Delhi,
Sat, Sep 5th, 2015 (05:32:27 PM IST) Section: Industry Category: Agriculture

With the increasing foodgrains production, the warehousing has become a big challenge for the country. Now, scientific processes and technology innovations have shown a new direction in foodgrains storage and supply chain. It is reducing the post-harvest losses and providing better options to the farmers. MOHD MUSTAQUIM Highlights the changing dynamics of the warehousing sector.

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Cold Chain Development.

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Tags:

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The curious case of the Nabard boss who ignored clear conflicts of interest

by **shalini singh (http://www.firstpost.com/author/shalinisingh)** Sep 4, 2015 13:26 IST

#Conflicts of Interest (http://www.firstpost.com/tag/conflicts-of-interest) #Nabard Corruption (http://www.firstpost.com/tag/nabard-corruption)

Dr Prakash Bakshi, a former chairman of the National Bank for Agriculture and Rural Development (Nabard), who faces charges of financial impropriety and giving unusual preference for financing rich corporates over poor farmers, has curiously gone an extra mile to establish his guilt.

Dr Bakshi has joined Shree Shubham Logistics Ltd (SSLL) as its managing director. SSLL, which is a subsidiary of the over Rs 6,000 crore Kalpataru Group (including Kalpataru Power Transmission), was one of the biggest beneficiaries of irregular soft loans and interest subsidies during his tenure as the Nabard Chairman from June 2011 to September 2013. Dr Bakshi was served a charge-sheet by the government on 30 September 2013 - his last day of service - for misappropriation and misuse of his official position.

(http://s3.firstpost.in/wp-content/uploads/2015/09/prakashbakshi-cafral.jpg) Prakash Bakshi, former chairman, Nabard. Image: www.cafral.org.in

Though sources confirm that Dr Bakshi had attended a meeting in Nabard as SSLL's representative soon after his retirement in 2014 itself, there has been no official disclosure of his employment until recently on the SSLL website (http://www.ssll.in/profile-Bakshi.html). However, an article of 14 March 2014

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(http://www.vccircle.com/news/transportation/2014/03/14/shree-shubham-names-former-nabard-chairman-prakash-bakshi-md) said Dr Bakshi had already been appointed MD of SSLL, quoting “sources privy to the development”.

This undeclared association could also be because a retired Central Service Group A official is not allowed to accept private, commercial employment before the expiry of two years from the date of his retirement without a sanction from the President.

The Department of Financial Services (DFS), in response to information sought under the RTI Act, confirmed on 22 September 2014, that Dr Bakshi had sought, but was *denied* permission, to take up short-term consulting assignments with multilateral and bilateral agencies, Zydx Industries and Kalpataru Power Transmission Ltd.

Government service rules are clear that any approvals for commercial employment are conditional upon the official not having any official dealings with the prospective employers in the preceding five years; there should be no conflict of interest between the policies of the office(s) he had held in the last five years and the interest represented or work undertaken by the organisation he proposes to join; he should have had a clean service record, particularly with respect to integrity and dealings with government as well as with central public sector enterprises (CPSEs)/non-government organisations; the applicant’s commercial duties should not involve liaison or contact with government departments/PSEs; and the employer of the applicant should not get an unfair advantage due to previous official positions/experience/knowledge of the incumbent and, lastly, the present emoluments and pecuniary benefits should not be far in excess of those currently prevalent in the industry.

Many of these conditions appear to stand violated in Dr Bakshi’s case. His role in making corporates beneficiaries of soft loans and subsidies has been at odds with Nabard's special mandate to promote rural development by providing soft loans to state governments for social sector projects.

However, despite a letter dated 1 February 2013 by Gurudas Dasgupta, Member of Parliament and General Secretary, Aituc, urging the then Prime Minister, Manmohan Singh (http://www.firstpost.com/topic/person/manmohan-singh-profile-618.html) “to initiate a thorough probe into the functioning of Nabard in order to bring much needed relief to the rural poor,” no action was taken.

Dasgupta had further said that "evidence shows that Nabard's shift in priorities is directly linked to the leadership of its chairman, Mr Prakash Bakshi, who, in a significant deviation of policy, included private entities as eligible institutions without consulting the RBI”.

A detailed questionnaire mailed to the department of financial services secretary, Anjuly Chibb Duggal, seeking clarity on the status of the pending charge-sheet against Dr Bakshi and his decision to seek permission to work with SSLL, went unanswered.

Another reason for the sudden disclosure of Dr Bakshi’s employment status with SSLL could be that the company is learnt to have applied for listing on the Bombay Stock Exchange, for which disclosure of its top management team was mandatory. Curiously, Dr Bakshi’s tainted background has not been a deterrent for SSLL, despite evidence that corporate governance, led by an able, professional and transparent board is the way both to better market valuations as well as to securing the long-term financial health of a firm.

Questions mailed to SSLL’s Chief Financial Officer, Vishesh Singhvi, and to Dr Bakshi himself, seeking the date of his joining the company, his compensation details and reasons for possible concealment of the employment history until recently also went unanswered.

“Apart from wilful, established conflict of interest during his tenure in Nabard, Dr Bakshi has been occupying an SSLL company flat in Goregaon post his retirement from Nabard, without obtaining government clearance to work for them. Wrongdoers who

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Keeping the Parivar

abuse their positions are mostly responsible for the NPA (bad loan) pileups in the banking sector, which is affecting the entire economy. Rather than punish them, the system rewards such people," said a top official in Nabard on condition of anonymity.

Policies customised for SSLL? After becoming Nabard's chairman in June 2011, Dr Bakshi developed close ties with Aditya Bafna, Executive Director of SSLL, who was appointed Director on the board of Nabard Consultancy Services Pvt Ltd (Nabcons), a wholly-owned subsidiary, on 15 January 2010.

Within a few months, in a significant deviation from Nabard's mandate and earlier policies, Dr Bakshi made private entities eligible for soft loans for warehousing projects for the first time through a circular dated 27 September 2011. This was done without consulting the Reserve Bank of India. Through another circular dated 23 December 2011, the scheme was revised to allow private firms an interest rebate of 1.5 percent, again without consulting the RBI.

Between 16-31 March 2012, Nabard disbursed Rs 759 crore, including refinance at 8 percent, to banks to fund 516 warehouse and cold storage projects. SSLL, the biggest beneficiary, accessed Rs 180.87 crore, purportedly to set up 18 warehouses, with an additional refund of Rs 20 crore through a 15 percent subsidy benefit given to it under another scheme. Funds were disbursed even when SSLL's projects were found to be "ineligible" for the subsidy by the Ministry of Agriculture.

Sources in Nabard allege that even when SSLL's projects failed to meet eligibility criteria, officials would be harassed, served charge-sheets and retirement benefits withheld for legitimately rejecting its applications. They say Dr Bakshi punished and disbanded the original team which rejected the proposal for the release of subsidy, based on the Ministry of Agriculture's guidelines and a special team was put in place to fast-track the clearance.

Poor governance: The nature of the violations, made often by ignoring the directions given by the RBI and the Ministry of Agriculture, and the clear conflict of interest were first detailed in this article. (http://www.thehindu.com/news/national/as-farmers-suffer-nabard-offers-soft-loans-to-corporates/article4181802.ece)

A week later, Nabard, under fire from the RBI, was forced to withdraw its controversial schemes and seek a refund from those to whom it was disbursed, which was highlighted in this article. (http://www.thehindu.com/news/national/nabard-scraps-controversial-scheme-for-corporate-warehousing/article4351143.ece)

However, instead of accepting blame, Nabard tried to shift blame for the financial transgressions and conflicts of interest highlighted in the media (http://www.thehindu.com/news/national/nabard-shifts-blame-for-corporate-warehousing-scheme-to-finmin-rbi/article4709359.ece) to the RBI and the Finance Ministry.

Nabard's story kept growing progressively worse, with evidence of selective allocation of grants to an NGO called Janhit Foundation, Lucknow, that is linked to former DFS Secretary, DK Mittal. The DFS secretary, in his/her official capacity has a strong hand in Nabard's decisions. Mittal's "influence" can be adequately gauged from the fact that total grants of Rs 7.88 crore were disbursed to 303 NGOs in Uttar Pradesh in 2012-13, Janhit Foundation alone secured Rs 6.01 crore. A meagre Rs 1.87 crore accounting for an average grant size of between Rs. 8,000 to Rs. 80,000 was disbursed to the remaining 302 NGOs. (http://www.thehindu.com/news/national/nabards-largesse-takes-rural-poor-for-ride/article4874405.ece)

Interestingly, Mittal was unsinged by the media fire. He serves as an independent, non-executive director at Max Life Insurance Company Ltd. He was also handpicked by Railway Minister Suresh Prabhu to head a high-level panel to recommend ways to resuscitate the Railways' financial health in December 2014.