

Cold Chain - A necessity in India

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ICE: How would you describe the current state of cold chain in India?

The cold chain in India is active in the frozen finished products and pharmaceuticals and accordingly profitable. Yet, in the agri-produce space, the cold chain is a laggard. This is largely due to minimal exposure of consumer to qualitative benefits as well as due to past government policies. These policies initially focused on granting capital funds which led to the development of infrastructure capacity by the owners whereas the issues of having a profitable supply chain remained neglected.

With the recent financial incentives announced by the government (like 10 year tax break under the 80IA), the focus will now shift from claiming capital subsidy to having a profitable business with long term benefits derived. Any business sustains itself through market reach, and the cold chain is about reaching perishable products to market; not solely the static physical cold storage as was earlier the understood motive. Primarily it is now understood that the cold (supply) chain should focus on facilitating access to a buying market, along with sustaining quality of product. The old play of seasonal arbitrage applies only to very few produce types.

ICE: What is the future of cold chain in India!

The future is absolutely rosy and promising. It is a need one cannot do without, be it the level of governance to check the rising inflation, the producer, the key players of the industry or for that matter the consumer. The consumer in India has become extremely informed and demands improved quality and variety of products. In this context it is the market reach which is paramount and the

complete cold supply chain plays a vital role in it, by first selecting and segregating produce type; secondly through best practices and packaging; lastly by targeted supply to market. All these factors not only define and maintain quality of the produce but also ultimately rationalises and fetches a better price realisation. In my opinion, the cold chain is one and only option left with the government and both public and private players.

ICE: Your take on infrastructure status given to cold chain industry in the union budget-2011?

Providing infrastructure status to cold chain has brought commitment towards the industry by the present government and the future governments are bound to carry on with increased momentum. The Agri & Cold Chain industry will get encouragement and this brings realization that there is no other option to provide food security for the aam admi along with benefit to farmers.

ICE: Does the budget address the transport sector in cold chain?

No it sadly does not do so. Besides existing sops on import of reefer vehicles and parts there is no real attention to this most important link in the cold chain. Without the cold transport there is no chain! A reefer transport is like a cold store on wheels (instead of applying energy to a static store, why not add wheels and move closer to market), and it connects the producer to the consumer. In fact such transportation to market is most critical to viability of the cold chain. We have no fast track corridor for the movement of perishable products in India. At this point I would like to mention that immediate priority for perishable cargo movement is a matter of policy in all developed nations. Recently even

China launched a green pass system to facilitate a thoroughfare for the reefer trucks.

In India we give priority passes to ambulances and VIPs – the same should be provided to reefer transport. A fast track system that consolidates interstate paperwork, minimises bureaucratic bottlenecks in-transit is a must for future cold chains. The cold chain basically buys time, time to store and sell by extending product life cycle. This extended time is precious as it comes with added energy cost. So, when we waste this time in transit, we cost the nation in wasted energy and added risk to perishable food, thereby defeating the very purpose of deploying cold chain. Remember, perishables will continue to perish, even in the cold chain - transporting perishable cargoes is as critical as rushing a baby to hospital. A fast track corridor is a must and any loss in revenue to the government can be recovered by process at origin or destination, not enroute.

ICE: What are your views about the standards for reefer transport formulated by NHB?

The introduction of standards is a great step. The issues of air movement pattern and environment inside the reefer truck should also be incorporated as a part of the standards. For eg a reefer truck carrying fresh produce, when loaded to capacity is left with a minimal air gap of 8-12 inches at the top. This broken stowage is all the breathable air for the respiring produce. In time, this closed compartment is depleted of oxygen and the produce starts to suffocate. Unlike in cold stores, vehicles are loaded using stuffing principle for capacity utilization as doors are opened only on receiving end. In India, a cross country transit can last longer than 3 days and damage from lack of oxygen or CO2 buildup becomes evident thereafter. In fact, the similar happens locally around individual units of fruits along with buildup of 'hot-spots'. Thus design and standards must cater for breathing vents and appropriate air flow patterns. Our standards, in fact our understanding of cold chain is primarily focused on refrigeration, which is only one of the components of the cold supply chain.

ICE: What are the hurdles for the development of cold chain in India?

Lack of domain skills and associated expertise is a primary hurdle. We have the fuel, we have the technology... it is what lies between that is missing. The newly initiated NCCD and organizations like GCCA will help disseminate knowledge and attract more professionals to this industry.

Another hurdle is minimal manifestation of the produce owner business model in India. A producer owned supply chain is most common cold chain worldwide. Mostly because the producer has most vested interest in price realization and the cold chain is the only supply chain that directly impacts price realisation because of the inherent product quality and shelf life impact. Branded agri-produce players should be made welcome and promoted as by virtue of owning the brand, they promote best practices and quality norms.

ICE: How does it feel to be awarded as the "Cold Chain personality of the Year?"

It is indeed a privilege and honor to be awarded the first ever cold chain personality of the country. As the award was for achievements by an individual, I hope it will provoke greater interest amongst future supply chain professionals.

ICE: You are also frequently identified by CrossTree, what is that?

CrossTree technovisors has become a knowledge sharing platform, and I hope it provokes further participation and thought leadership, particularly in the cold chain domain. Its content has fetched increasing interest by many and one hopes many more serving professionals would also willingly contribute and share.

ICE: How was your experience attending ICE 2010 and your views and suggestions regarding the activities undertaken by ICE?

The ICE team is doing an excellent job and you all have come a long way in your efforts to serve the cold chain industry in India. The expo along with all the other endeavors is a great platform for the industry to come together and voice the major issues and constraints of the cold chain in India. I am definitely looking forward to the ICE Expo 2011. I would like to suggest the ICE team to be instrumental in forming a knowledge base and dissipating the knowledge to all the stakeholders associated with the cold supply chain in India starting from the producer through the middle man and finally to the consumer. ICE should also assess the issues of funding activities and make information on options available to all stakeholders. Through GCCA, it could well serve as a catalyst to provide these two most scarce resources – domain specific manpower and domain specific funding partners.