

In the vanguard of cold infra development

Pawanexh Kohli of CrossTree who serves as Chief Advisor to National Center for Cold-chain Development (NCCD) responds to some general queries which are posed by industry players pertaining to the role and steps taken by this umbrella body to promote cold-chain infra in the country since its inception (in 2012). NCCD, which functions under the aegis of Ministry of Agriculture, is mandated to ultimately assume the role of a regulator for the cold-chain sector. Of late, participation in NCCD seems to have found increasing favor among private industry and stakeholders.

Could you please provide some highlights about the initiatives and activities undertaken by the NCCD for the development of cold chain infrastructure in India?

NCCD under its agenda of inclusivity has held various interactions with stakeholders from inception, for inputs to develop its roadmap to targeted conclaves to receive recommendations to ease the roadblocks for further development. These stakeholder interactions are followed up for directed interventions by the government. Of notable achievement is that NCCD has already redressed some concerns by project implementers by providing ready response to interpretations of subsidy guidelines.

NCCD has brought about an improved understanding in allied sectors on the opportunity and remedial options in this sector. In another initiative, NCCD has opened participation to a wider base of stakeholders by including educational and research institutions, farmer producer organisations, self-help groups, student groups and other allied industry sectors.

What are the achievements of NCCD so far?

As part of its action plan, NCCD had recommended a nationwide base line survey on the status of cold storage infrastructure and this is being undertaken and monitored by NHB. This study involves onsite visits to about 6500 cold stores and in its inception is already indicating some critical information which will provide directional impetus to policy makers. Relevant inputs from our industry participants have been passed on as recommendations to various other ministries including the finance ministry providing critical policy inputs to further develop this sector. These we expect



to extend into even more positive support for the next phase of development in cold-chain. Lack of appropriate skill sets both in management and operation of cold-chain is a frequently mentioned bane. Here, NCCD is undertaking actions to provide value-added training for this sector both for the private operators and for govt officials. More recently, in April this year, NCCD signed a historic MoU with Cemafruid of France to collaborate in the development and dissemination of knowledge base, specific to India. Those from the cold-chain industry will recognise Cemafruid as the premier

knowledge centre in the fields of refrigeration and cold-chain management; its roots go back to 1958 when initiated to develop cold-chain in France by the French Ministry of Agriculture.

Could you please let people know about your future initiatives for the greater interest of the country's economy?

Most of the future initiatives undertaken in guiding policy interventions will be derived after review of the on-going cold storage study. In the field of transportation, NCCD shall promote multi-modal usage (both domestic and international) through collaborative initiatives at logistics hubs along the DFC in the western and eastern sectors. In providing direct and immediate interface to its participating members and through its technical committees, NCCD is also ensuring stakeholders' inclusion in future policy development and assistance programmes. NCCD also intends to promote alternate energy use in cold-chain, especially in low-grid or off-grid regions with government support to extend the cold-chain utility into such areas.

NCCD is also considering optimisation of fast track road transportation for perishables in alignment with a concept wherein RFID tags would be fitted on transport trucks, and all interstate checks would occur only on toll points. This would do away with intermittent checking enroute and speed up transit times for temperature sensitive cargoes.

What more benefits can the cold chain industry expect from NCCD in future? Do you have any facilities/scheme especially for the third party logistics service providers?

The possible benefits that NCCD can promulgate are determined from inputs received from its participating member base. As more of the industry interfaces with NCCD, there will be many more action points that shall develop in the future. It is noteworthy to understand that benefits cannot be eternally extrinsic to any trade. The industry has to implement technology and best practises such that the benefit to them eventually accrues intrinsically from their business activities. Development of any industry has two aspects- the first in its initial birthing and then in its maturity through bringing optimisation. The latter is largely through technology and knowledge alignments, the first includes motivating through fiscal and financial interventions. NCCD hopes that we move onto the second stage earlier than later.

All existing financial support schemes are to the benefit of third party logistics. The schemes facilitate use of modern technology, support upgradation and modernisation of old infrastructure; provide special incentive to reefer truck operators and support training and capacity building in this sector. These support options include 40% to 55% subsidy for either stand-alone development or for integrated projects. You must be aware that 150% deduction on the capital invested in cold-chain is also permitted. All this is in addition to lowered custom duties and excise waiver on related infrastructure goods. All third party service providers use these tools as part of their managerial service. Furthermore, specifically for the service providers, service tax exemption is provided when servicing (storing, transporting, handling) agricultural produce. There are also special transport assistance in form of freight subsidy (upto 50%) when exporting agricultural produce.

The main benefit the industry can expect from partaking in NCCD, is having direct representation to policy makers and thereby abetting in future direction setting exercises. It is people from industry who will fulfil as our various committee members. These committees will give shape to future cold-chain development as part of our Public-Private participatory mandate.

Meanwhile, at NCCD we feel that the industry has to appreciate the long term strategic play in serving the basic needs of a billion plus people, large segments of which are eternally raising the aspirational bar and driving continued demand. While various subsidies and assistance programs exist, the

physical entry barrier is already mitigated and it is only the lack of strategic understanding that needs to be overcome.

As this is a well-known fact that there is enormous wastage in agricultural produce due to lack of cold storage infrastructure, what infrastructural framework is required to boost the growth of this sector?

Infrastructure that is developed should complement the concept of cold-chain. The query itself reflects the nascency in understanding and the prevalent misconceptions by limiting the concerns to the storage aspect alone. A cold storage warehouse is merely the middle link in the chain. If the initiators of cold chain are missing, the storage will automatically function only for select products and those that happen to originate in the cold chain (ie. imports). Our cold-chain, as it has developed, serves well for imported produce and for processed foods. For similar benefits to accrue to our domestic agricultural produce, cold chain originators and other complementary links should be the first priority.

FM has taken an initiative to make Rs 5000 crore available to NABARD to finance construction of warehouses, godowns, silos and cold storage units designed to store agricultural produce, both in the public and the private sectors this year. Is this figure sufficient for the warehousing sector?

Government ought not to be viewed as the sole 'financier' to all businesses. It is a facilitator and functions to do so across various strategic interventions in our country. Of course, this sum could well be sufficient to start with. This Rs 5000 crore (a billion USD) is equivalent to multiples; it will be for the industry to lever this to factor in other sources and options too. I would counter by asking how much is the industry putting up! Is their participation sufficient? Remember the government is providing a financing window to industry, a direction setting for the roadmap, it is not declaring that this sum is the total investment required.

What are the opportunities in this sector?

Probably greater and larger than in other sector! Cold-chain involves energy, industrial infrastructure, transportation, skilled manpower; it involves health safeguards and compliance, traceability and an evolved supply chain; and in India, it has scope to service the needs of a billion plus people. Not an opportunity that can be scoffed or that needs to be spelt out.

Our production and yield of processed food and fresh produce are touching new highs; and not because there is capacity to produce more – it is because there is cognisant demand from consumers; and yet the demand remains unsated! Because some gets wasted and in other cases there is no pipeline to reach the massive consumer base. I think this query is unnecessary for anyone who lives in India. The entire globe is coming here to sell, and we need not doubt the need for food, healthcare and specialised products... ergo the need for cold-chain. Very soon we shall be amongst the largest exporters of bio-pharma and even food. ▽