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India seeks Japanese loan to fund 20,057-cr dairy development project



Funds will be used to set up infrastructure

India has sought a loan from the Japanese International Co-operation Agency to fund a dairy development project with an outlay of 20,057 crore.

The funds will be used to set up 1.05 lakh bulk milk coolers to store 524 lakh kg of milk per day in an additional 1.28 lakh villages. The funding will also be deployed to create milk and milk product processing infrastructure of 76.5 lakh kg per day, an official release from the Agriculture Ministry said on Monday. The move, it said, would benefit 122 lakh additional milk producers.

Part of the funds will also be used to upgrade and expand old milk and milk product processing plants set up in the past as part of Operation Flood, the release said.

The proposal for the funding, which will be routed through the National Dairy Development Board, was forwarded to JICA by the Department of Economic Affairs.

A JICA mission, which visited India in February, evinced interest in extending support to the dairy sector, which has grown nine-fold to 155 mt over the last 65 years.

According to the release, even though 54 per cent of the milk produced is surplus, the organised dairy sector, comprising both cooperative societies and private firms, has the capacity to process only 20.5 per cent.

The demand for milk in the country is projected to grow to 210 mt by 2021-22.

Karnataka woos traders from other States to its online agri platform

After connecting a majority of the agriculture markets across the State, Karnataka is now reaching out to traders and large buyers from other States to join its electronic commodity trading platform.

Karnataka, an early mover in implementing agriculture market reforms, since 2013, has already connected about 157 of the 162 agriculture markets across 29 districts in the state through the Unified Markets Platform (UMP), where bidding takes place online.

Rashtriya e-Market Services (ReMS), the joint venture between the Karnataka Government and NCDEX Spot Exchange Ltd, which rolled out the UMP, has launched a multi-lingual campaign to attract traders from others States aggressively.

Single licence

A trader or buyer from any State can buy a single trading licence for a fee of ₹ 200 and can purchase commodities from any of the 157 markets in the State either in person or through the online mode. About 298 lakh tonnes of commodities, valued at ₹ 56,696 crore, have been traded through the UMP platform.

Besides a multi-lingual audio-visual campaign in television channels, REMS has also taken to the social media route through YouTube to reach out to traders in other States.

“We also plan to conduct roadshows in major consuming centres of commodities such as dry chilli, copra, arecanut, tur, tamarind and turmeric, among others, to attract the traders from those States,” said Manoj Rajan, MD and CEO of ReMS.

About 32,000 traders are already enrolled on the ReMS platform through the unified trader licence, including several from States such as Tamil Nadu, Andhra Pradesh, Maharashtra, Kerala, Haryana, West Bengal and Delhi.

Bulk buyers sign up

In addition, bulk buyers such as ADM, Cargill, ITC, Reliance, Metro Cash & Carry, Godrej Agro, Pepsico India, Max Hypermarket and Trinetra Super Retail have been participating in these markets.

“We want more traders from the other States to purchase the commodities traded at APMCs here,” Rajan said.

States such as Bihar, Rajasthan, West Bengal, Delhi and Chennai are the major destinations for the ball copra or edible copra produced in Karnataka.

Similarly, for arecanut produced in the State, the major consuming markets are Tamil Nadu, Delhi, Uttarakhand, Maharashtra and Uttar Pradesh.

Further, ReMS has recently started assaying services in 40 major markets to cover a minimum of 25 per cent of the market arrivals and has partnered with entities such as National Collateral Management Services (NCML) and Star Agri for this purpose, Rajan said.

The agricultural marketing department has already started installing automatic cleaning and grading machines so that the farmers’ produce, when offered for online sale, is properly graded, cleaned and packed.

“We have already installed these machines in about nine markets,” Rajan said. Besides, orientation centres have been established for information dissemination to around 42 lakh farmers registered on the UMP.

ABT Dairy gearing up to strengthen product line

The dairy division of ABT Industries, belonging to Sakthi Group of companies, is looking to strengthen its position across the product line.

The two-decade-old dairy division, located at Amabarapalayam, Pollachi, is gearing to increase curd production five fold from the current level of 20 tonnes a day, enter ice-cream production and augment its cold storage facility, CP Charles, senior president, ABT Dairy, told *BusinessLine*.

Milk procurement

He said the daily procurement of milk through 730 collection centres is close to 2 lakh litres. “As many as 12,500 farmers are registered with us at present, each with a herd size of three to five cows.

“Our endeavour is to improve the livelihood of these farmers; we want to help them increase their holding to eight to ten cows and increase our milk procurement volumes to 10 lakh litres a day by 2025. Our collection centres cover 16 to 17 taluks in this region at present. We are intent on expanding our area of operation,” he added.

To a query on drought and availability of water and fodder for the milch animals, he said, “Water has been issue all over. We want to ensure availability of feed for the animals. We plan to develop seed centres to ensure that there is no shortage of fodder for the animals. Our people underwent training in Israel. We hope this will benefit the farmers.”

“Acute drought forced some farmers to sell their cattle, but we also realised that they returned to our fold after repurchase,” he said in reply to a question.

Curd production

ABT Dairy currently has a 20 tonne a day curd production facility. “We will decommission this plant once the new plant is commissioned. This 100 tonne/day curd production plant is scheduled to commence operation in September-October.

“We are also contemplating to roll out Sakthi brand ice-cream. But this is planned only during next summer; we are envisaging 1,200 litres of ice-cream per hour; the plant will operate for 10 hours,” Charles said.

Paneer production stands at four tonnes a day. The company according to Charles is planning a bigger cold room facility for storing paneer, butter and cheese.

Claiming to be the first to introduce bulk coolers and milk analysers in Tamil Nadu, the company is planning to own tankers for transporting Sakthi milk, which at present is moved in contracted tankers.

The division’s milk procurement grew at CAGR of 7.5 to 8 per cent, while on the turnover front, it was lower at 5 to 6 per cent, he said.

Central grant

To strengthen its presence, ABT Dairy has sought the services of project management consultants, NAPL. The total cost of the project is estimated at 35 crore.

The company has received a grant of 10 crore from the Union Ministry of Food Processing Industries.

Tea output up 6% in Jan-May period

India's tea production in the first five months of the current calendar year has increased 6 per cent over the corresponding period in 2016.

“The Tea Board has now released the May production data, indicating an 18 per cent increase (over May 2016) to 121.3 million kg (mkg),” Rajesh Gupta, compiler of the annual Global Tea Digest, told *BusinessLine*. This has helped overall production in the first five months rise over the same period in 2016.

“Our compilation shows that India's production in the first five months has risen to 300.13 mkg from 276.89 mkg in 2016,” Gupta said.

North Indian output has risen to 209.23 mkg from 200.10 mkg. Assam topped the production table with 129.27 mkg — an increase of 2 mkg.

South Indian output rose to 90.90 mkg from 76.79 mkg. Tamil Nadu produced 66.35 mkg — a jump of 13.99 mkg.

ICEX plans to kick off trading in September

The Reliance Group (Anil Ambani)-owned Indian Commodity Exchange (ICEX) plans to start trading on its platform in September.

The exchange, which had suspended trading in 2014, has received SEBI approval to recommence trading operations.

Earlier, the exchange had also received approval to launch futures contracts on diamonds, which will be the first such globally.

Last week, Ahmedabad-based National Multi Commodity Exchange decided to merge with ICEX.

The merger was approved by the Boards of both exchanges and is expected to be completed by the end of this year. The merger will not only help both exchanges face competition in a

tight regulatory regime but also make the combined entity the third-largest exchange after MCX and NCDEX.

Business Standard

Focus on ease of doing business, maximise Aadhaar use: PM Modi to states

Modi spoke to the chief secretaries of various states at a day-long event in New Delhi on Mon



As India tries to improve its ranking in the ease of doing business report of the World Bank from low of 130, Prime Minister (PM) Narendra Modi asked states to accord priority for creating a conducive business climate, mixing the spirit of cooperative federalism with competition to attract investment.

And, requested them to maximise the use of Aadhaar - the citizen identification system - in their programmes and plans.

In the backdrop of farmer unrest, the PM also laid emphasis on agricultural reforms, including e-national agri-marketing initiatives. He was addressing a day-long conference of state chief secretaries on a theme of 'States as Drivers for Transforming India'.

Madhya Pradesh's chief secretary talked about the pitfalls of developing too fast on the agriculture front.

The PM did not mention the impact of farm debt waivers on fiscal deficits. However, NITI Aayog officials stressed that states could not raise their borrowings beyond the limits set by the Fiscal Responsibility and Budget Management (FRBM) Act, unless the Union government agreed.

The PM said: "The whole world today has trust in India, has expectations from India and wants to partner with India. This is a golden opportunity for us. Ease of doing business should be accorded top priority and would greatly help states in attracting investment."

Aayog Vice-Chairman Arvind Panagariya recounted the PM mentioning there would a food processing sector event in November, where the Centre could bring potential investors; yet, it was for states to attract them.

India had improved only a notch to 130th place among countries on the World Bank's ranking on 'Ease of doing business', from 131st in 2015.

Modi stressed on food processing and agricultural reforms such e-marketing to increase farm growth. He also spoke on eliminating wastage in farm produce.

Asked about the impact of farm debt waivers on fiscal deficits, Panagariya explained that it was for the Centre to give relaxation to states for expanding of market borrowing beyond the FRBM levels. "The Centre itself is conservative about its fiscal deficit targets," he said.

On Aadhaar, the PM said its use had brought benefits all round and eliminated leakages. He urged all to maximise the use of the 12-digit biometric identifier, in the interest of good governance.

He said the recent initiative of a Government e-Marketplace (GeM) for procurement would provide efficiency, savings and transparency in this regard. He asked all states to maximise its use, within a month.

In his presentation at the conference, Panagariya termed under-employment the biggest economic challenge. He called for developing strategies to make small enterprises larger and to shift labour from agriculture to industry.

Spending on social priorities such as education, health and infrastructure could, he said, be raised only by enhancing economic growth.

Re-sowing likely on over 2L hectares

By the end of June the state reported sowing on over 40 per cent of farmland. Barring some cereals, almost all major crops have reported an increase in sowing as compared to last year.



This year, June was exceptionally good with the state recording 13 per cent excess rains. However, rains have been absent from the first week of July, which increased problems of farmers.

Over two lakh hectares of farm land in Maharashtra might have to go for re-sowing as absence of rains has destroyed early stage seedlings. The prospect of re-sowing is being faced mostly by cotton and soyabean growers in the Marathwada and Vidarbha regions. A “dubaa perni” (re-sowing) costs almost Rs 5,000 per acre for growers and during the process they mostly have to go for cereals which fetch lesser returns.

This year, June was exceptionally good with the state recording 13 per cent excess rains. However, rains have been absent from the first week of July, which increased problems of farmers. As of Monday 12 districts of the state have recorded deficient rainfall with whole of Vidarbha being included in it.

Kishore Tiwari, chairman of the state’s farm distress committee, said special instructions have been issued to the districts from where reports of re-sowing have come. “We have asked the authorities to make available seeds of cereals at the earliest,” he said.

Cotton growers are specifically targeted as in the past they have been prone to committing suicide. Buoyed by the good rains in June, farmers across the state had sped up their sowing activities. By the end of June the state reported sowing on over 40 per cent of farmland. Barring some cereals, almost all major crops have reported an increase in sowing as compared to last year.