

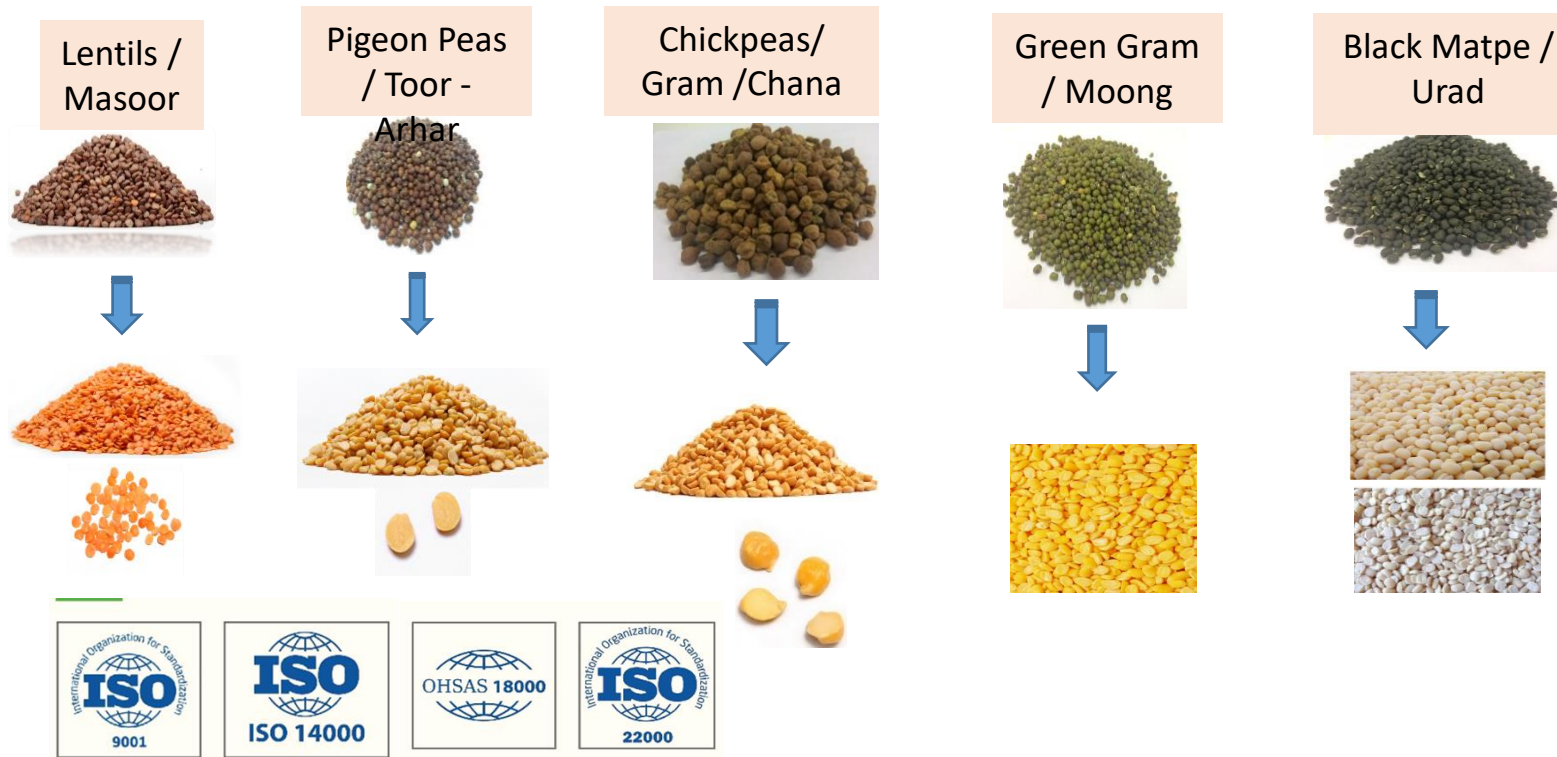
Impact of Agri Reforms

Through the lens of a Pulses Processor



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CEO ETG India

Pulses Processing: Value addition: Basic Conversion



Premises for Reforms: Corporate lens

- Farmers Interest Foremost
- Return to Multiple stakeholders
- Long term >5YR window for Implementation / Internalization



Pulses Processing: Value addition: Basic Conversion

Over 6000+ Dal Mills, 90% with Capacity range 50-100TPD, Located in Clusters



Processing Criteria / Factors for consideration

- ✓ **Closer to Source:** catering regional demand with **uninterrupted access to RM**
- ✓ **Margin capture::** Presumably higher margin than raw pulses
- ✓ **Low price volatility** providing a stable revenue stream
- ✓ **Intervention End-to-end supply chain**
- ✓ Ensures continuous delivery of high quality product even with **variability of input quality**
- ✓ Multiple SKUs
- ✓ Diversify intermediary risks
- ✓ Access to larger customer base
- ✓ Need to Bring **global scale** to evolving Indian pulse industry
- ✓ Establish a consumer brand
- ✓ **Automation** Superior design, lesser space and lower power consumption
- ✓ Facilitate **Downstream opportunities** Food Processing - value added product offerings

**Three Ordinances announced : Stated Objective:
To create Free, transparent and efficient Agri Eco-System**

The Essential Commodities (Amendment) ordinance 2020 (Abolishing ECA)

- Abolishing ECA - **Remove restrictions on stocking** of Food produce - caveates
- **Better Price realization for farmers** encouraging bulk Positions
- **Stability of market prices** to consumers
- **Imposition in Extra ordinary condition:**
 - 100% retail price rise – Horticulture
 - 50% retail price rise – nonperishable Food stuff

Not applicable to Processor or value chain Participant.

- **Long term RM source securitization**

Farmers’ Produce trade and commerce Production & Facilitation (APMC Alternatives)

- **More choice of markets** for farmers to sell their produce
- **Barrier free Interstate movement / price discovery** for farmers
- **Substitutes of APMC** – Buyer Seller direct connect
- Farm / Crop Intelligence support
- **Multiple E trading Platforms**
- **Traceability / quality evaluation** at Farm gate - private interventions
- **Bring technology : Upstream / Downstream, Material handling**
- **Value added Processing** avenues

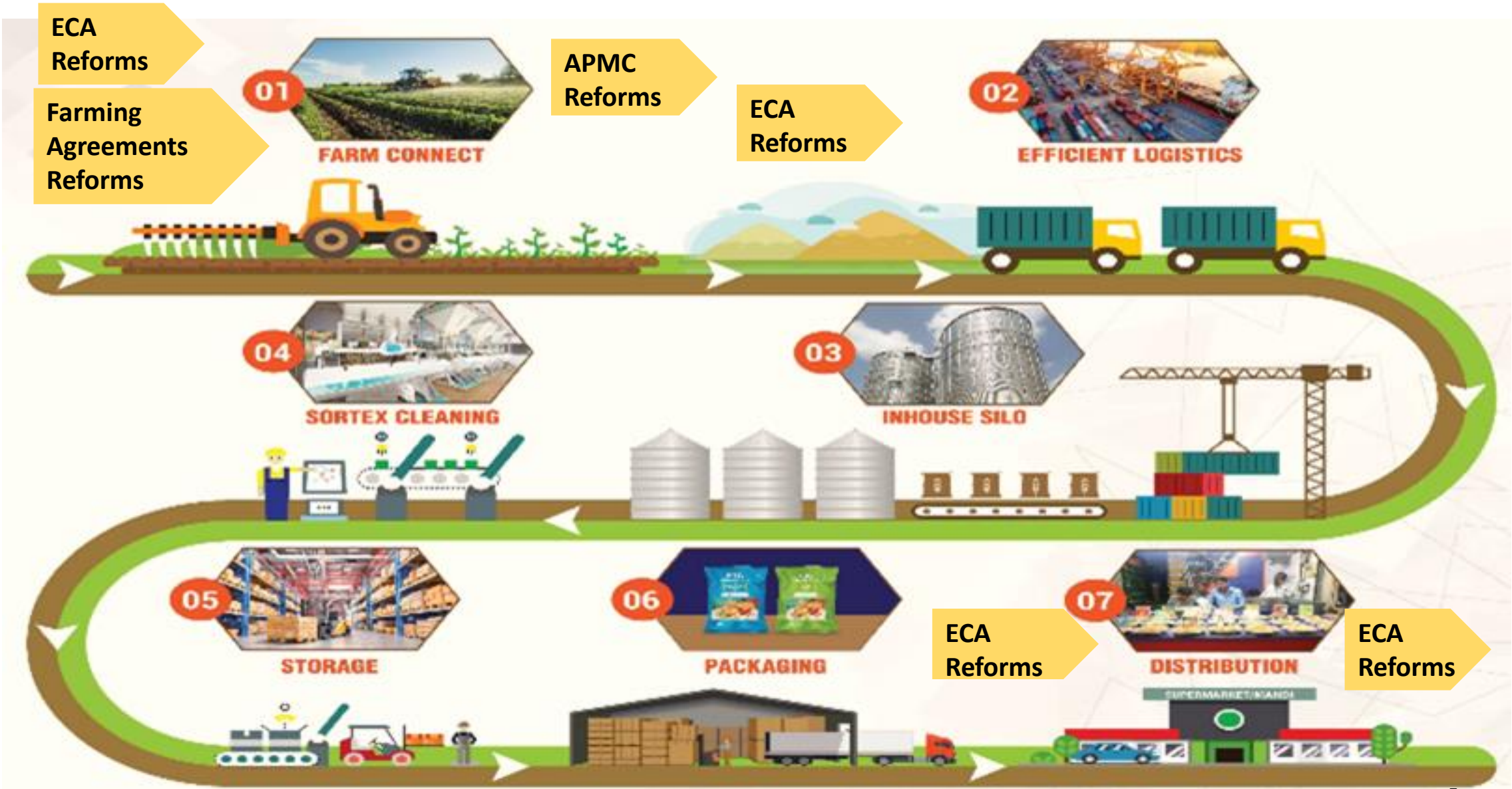
Farmers’ (Empowerment and Protection) agreement on price assurance and farm services (Farming Agreements)

- **Legal Framework for various agreements** between Farmers and Other stakeholders
- **Fair price and faster payments** to farmers
- Private player participation to **explore Contract farming**
- Further clarity needed on Contract farming laws
 - **How to minimize conflict of interest trough PPP**
 - **Protecting / Balancing interest of the farmers and Private Players**

Pulses Processing Ecosystem and where Ordinances reform would deliver positive impact

Upstream

Downstream



Pulses Processing Ecosystem Opportunities

Upstream

- Farm level Storages – Corporate warehouses
- Direct FPOs Sourcing
- Farm input services / Equipments aggregation
- Contract Farming –
 - Large cargo coverage , Specific variety seeds
- E platforms
- Private Mandis
- Authentic Organic Produce

- APMC substitution
- FPO Aggregators
- All states – One market
- Quality control Hubs
- Produce cleaning facilities
- Short distance logistics

Downstream

- New Technologies to Process Niche seeds/ applications / Derivatives
- downstream Technology Investments in Formats

- Private silo Storages
- Handling automation

- Private / silo Storages
- Quality Compliance / Testing hubs
- Value added Applications

- Traceability
- Export worthiness
- Linkage with E-tailers
- Brand Endorsements
- Marketing of Niche varieties

Pulses Processing Ecosystem Reform Ordinance Imperatives

Imperatives across Ordinances:

- Power of central govt - to give direction to state Vs to enforce the actions / compliance
- All authorities for registration: Public servant authorities : Monitoring and supervision – Guidelines to expedite the projects
- For Several agreements emerging as part of implementation – better to clarify on Must have clauses Protecting interest of all stakeholders – specimen agreements can be made available for reference

ECA – Ordinance

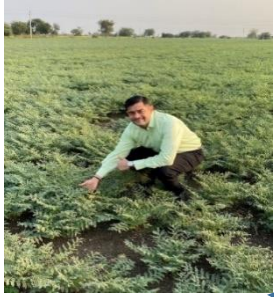
- Eliminate subjectivity in determining **Value chain Participant- will wholesaler qualify- Revenue turnover criteria**
- **Level of stocking** for non processors?
- State level enforcement authorities need to be well aligned on **scope and instances of enforcement**
- Facilitate **Corporate Miniatures of FCI / NAFED ?**
- Refraining from Knee jerk **Price capping : MSP Vs Retail Price balancing**
- **Specify process for stock reporting/ Liquidation** in case ECA is imposed

APMC Alternatives Ordinance

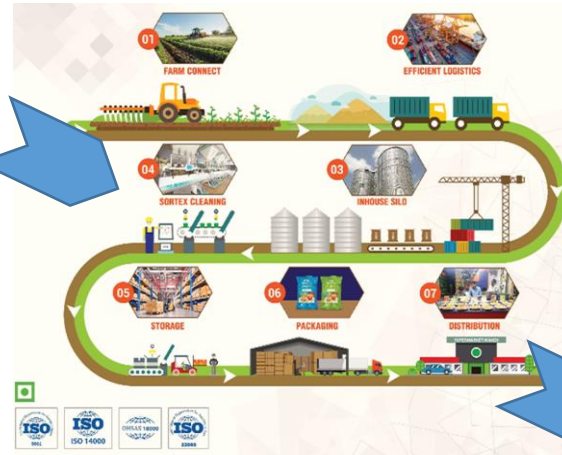
- Common **E trading** – fair trade : minimum Guidelines
- **Interoperability** amongst platforms – Technology interventions
- **Central Govt level reporting of trades** – needs clarity Is there common portal where trades will be captured ?
- **Ambiguities** leading to flexibility in interpretations
- How to ensure **powers of Agriculture Marketing advisors – properly channelized**

Farming agreements Ordinance

- Bring Further Clarity on **social Obligations on Private sector in Contract Farming**
- Share-Cropper / Tiler / Occupier – vs Landowner **Sub Contracting agreements treatment**
- **Model act of Agri Marketing** chapter VII, VIII
- **Third party involvement** in various assessment e.g. quality specs
- **Prescription of payment terms** E.g. in case of seed farming agreements



REFORMS = OPPORTUNITIES



THANK YOU

