

GLOBOIL DELHI 2018

1st, 2nd & 3rd February 2018

Welcome Address by

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Good Morning Friends.

It's always a pleasure to attend Globoil Functions whether in Mumbai or Delhi. The crisp Delhi air is adding to the fun and you can always trust Kailash Bhai and his wonderful team to do things in style.

Friends, we are passing through very interesting times as far as Agriculture and allied industries are concerned. Years of neglect of this sector by decision makers has resulted in a funny situation. Agricultural Production is going up and so are the problems of our rural folk. Our Food Production is now more than 275 million tons but the fruits of increased production seems to have bypassed our farmer.

For example, after two years of drought Oilseed production rebounded during the current year. Increased production coupled with weak international values resulted in prices collapsing below Minimum Support Prices. It became very difficult for the Govt. to defend MSP in Soya and GN.

IMPORT DUTIES..

One thing good about this Govt. is that they listen to Stakeholders .Our pleas to the decision makers to increase duties substantially were accepted and probably this saved the day in raising domestic Oilseed values without harming the consumers too much.

From press reports coming out of Malaysia it seems the issue of duty increase was discussed between our PM and Malaysian PM and Mr. Modi has given assurance to seriously relook at CPO Duty. From Industry side we can give a suggestion which would reduce duty on CPO and at the same time satisfy a long standing demand of Indian Refining Industry.

For long our Industry has been demanding that the difference between CPO and Olien should be minimum 15% to support the initiative of our beloved PM of Make in India. We Suggest CPO import duty be reduced by 5% in deference to request of Malaysian PM by bringing it at par with Sunflower Oil duty at 25%. All other import duties should remain unchanged. This will kill many birds with one stone and be a win win situation for all. Our PM would be able to keep his word and at the same time the long standing demand of the industry would be met as the duty difference between CPO and Olien would become 15%.

Friends ,as you all know in the process of refining CPO, Palm Stearin and PFAD are generated to the extent of about 25%..Import Duty on actual user condition on these products is Nil and their import is going up by leaps and bounds seriously affecting the viability of our Refineries engaged in Palm .We feel it would be in fitness of things if these products attract same level of duties as CPO .

SUGAR..

The fate of Sugar has been no different. Production has rebounded with vengeance and is likely to exceed 26 million tons (some say it may exceed 27 mln tons) an increase of almost 6 to 7 million tons compared to previous year. UP farmers have done a wonderful job of improving cane quality with the result that recovery of sugar In UP now compares favourably with Maharashtra and Karnataka.

The increase in Sugar availability is not an unmixed blessing as prices have collapsed big time and the fear of farmers payments getting stuck looms like dark clouds. The only silver lining in all this is that the Govt. is aware of the developing situation and hopefully would take corrective action before things deteriorate further.

We suggest that Bhavantar Scheme should be implemented in case of Sugarcane as it will insulate our farmers and allow market forces to decide on prices.

Other suggestions' being talked about is to allow exports of sugar either with incentives or with the stipulation of importing similar quantity. Current export duty of 20% is an aberration and needs to be removed forthwith .Further ,all restrictions on export or importing ports need to be withdrawn .With International values low whether this would succeed or not only time would tell ,but no harm in giving it a serious try.

BHAVANTAR SCHEME.

The Bhavantar scheme of MP Govt. for ensuring MSP for Soya farmers is a brilliant strategy and needs to be emulated by the Govt. for all crops requiring MSP support. This scheme allows market forces to function in a normal fashion without distortion and Industry is also not deprived of Raw Material. The farmers get the price difference between market price and MSP and Govt.is also not saddled with burdensome stocks being stored in sub optimal conditions. Gujrat Govt. on the contrary launched massive procurement operation in GN and according to press reports they are having serious issues in managing the stocks. Keeping quality in check and also ensuring corruption free operation is a Herculean task and Govt.s are better advised to adopt Bhavantar scheme .We wholeheartedly support Bhavantar scheme. There has been some criticism on the execution of the scheme in MP .However as the scheme was being implemented

for the first time some hiccups were expected which over a period of time would be smoothened.

ESSENTIAL COMMODITIES ACT..

One Act which has contributed in no small measure in shackling our trade and acting as a millstone round the neck in orderly development of supply chain in our country is ECA. This relic of Socialist Era needs to be given a decent burial. The power of the Food Inspectors in our country has to be seen to be believed. They can hold any company to ransom for minor technical faults.

It's rather funny that on the one hand our Nation is enjoying increased production and on the other the trade is kept chained by ECA. Needless to say trade alone can ensure smooth handling of excess production and maintaining prices and supply chain. To expect Govt. to keep defending MSP in all Commodities by buying up is actually asking for the moon.

Practically all Commodities of mass consumption in our country are suffering excess production. Whether it's Pulses, Sugar or Groundnut .Need of the hour is to do away with this draconian law which would also encourage Investments by Private Sector in Agri Infrastructure as well.

Friends, Agriculture is now at the forefront of all discussions in our country. No country can sustain GDP growth of more than 7% with Agri growth below 2% and 50%of the population engaged in Farming. We have a very proactive Government which is doing its utmost to double farmer's income. My only request to policy makers is to make use of Domain experts from private sector in Policy making committees which should help in incorporating views of practitioners.

Friends, night is darkest before dawn, but the coming of dawn is inevitable. Acche Din for our Sector are round the corner.

Thanks a lot.

Date: 1st Feb. 2018