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With the increasing foodgrain production, warehousing has been a big challenge in India. Sohan Lal Commodity Management (SLCM) erects warehousing infra within 48 hours and provides warehousing facilities on scientific manner. SANDEEP SABHARWAL, founder and CEO of the company talks to MOHD MUSTAQUIM on technological innovations in the sector as well as his dream venture Kissandhan, an agri financing arm of SCLM.



Sandeep Sabharwal
Founder & CEO, Sohan Lal Commodity Management

Storage of agri commodities is a big challenge in India and a large quantum go rotten in the open air during monsoon. How do you see this problem and what are the way outs?

Precisely, India loses about 80,000 crores of agriculture produce every year during the post harvest period. Being an agriculture centric nation and as one of the largest producers, it becomes crucial that not even a morsel is wasted and all efforts should be made to prevent this. Even if we continue to increase our production by different scientific methods, we will keep losing the 10 percent of the produce or even more after the harvest; so addressing the

problem of post harvest losses becomes essential. Addressing the problem SLCM initiated a shift to change the perception from infrastructure driven to scientific warehousing processes.

SLCM Group has been pioneer in scientific processes and technology innovation for the benefit of the sector at large. We have been constantly innovating methods that has proved instrumental in reducing post harvest losses from 10 percent to merely 0.5 percent. We have devised an in-house SOP **Agri Reach** which is an amalgamation of warehousing expertise and technological process that result in saving the losses by 9.5 percent which amounts to a massive Rs 76,000 crore, if practiced on the entire crop of India.

In the lack of procurement, sometimes farmers are bound to sale their produce below MSP. What solutions can be brought to them?

We have been constantly calling for a perception change and have adapted the same in our operational model as well. We do not consider the shortage of warehouses as a concern since we have devised the alternative way, long back. At SLCM, we provide the warehouse management services to our clients in their own or nearby locations as we are not dependent on the infrastructure. Our team does a survey of the provided space and sets the systems within 48 hours. This entire procedure just invites an expense of Rs 35,000 to convert a space into a warehouse. This prevents the farmers to travel from a distant place in search of storage spaces.

Adding to the value chain ad being the flag bearer of innovation in the sector, SLCM incorporated its own agri-financing unit by the name of 'Kissandhan' in March 2014. While we provide storage services to the clients, we also provide them credit purely on agricultural commodity and agnostic to the net worth or balance sheet of the borrower. The finance is provided against their harvested crop that they store at our facilities which is used as collateral and cuts down the wastage. This helps the farmer to avoid distress selling of their crops below MSP.

How do you see the scenario of warehousing of Agri commodities in the country?

Innovation defines the core of SLCM and we have been the pioneers in bringing technical innovation to the sector. Recently, the government has moved its focus towards scientific processes and warehousing which we welcome and are hopeful that this will bring the much needed momentum in the sector.

We have been constantly presenting new products like **Bar Coded** storage receipts in practice that eliminated the risk of fraud in terms of fake storage receipts, checker and maker policies at all our managed warehouses which check and monitors for any discrepancies. We have introduced and carved a way for process driven warehousing systems.

Please shed some light on the services provided by your organisation?

SLCM is a post harvest Agri-Logistics Group. SLCM warehouse management is equipped with technology to offer storage and protection services for the entire range of agri-commodities. SLCM has been handling more than 157 agriculture commodities including cotton, barley, bajra, castor seeds, wheat, pulses, maize, spices, aloe vera among others across India. As on today, SLCM manages a technology enabled network of more than 760 warehouses and 15 cold storages across 17 states with a total capacity of over 1.76 Million Metric Tonnes spread over 9.62 Million square feet area and a throughput of more than 240 MMTs.

The company has imparted its services to a globally reputed clientele including Ruchi Group, MPWLC, Glencore, Sharp to name a few. SLCM has partnered with 11 leading banks and financial institutions for collateral management in Myanmar and India, as mentioned above.

Also please tell us about your Kissandhan initiative and how is it helping farmers?

Our NBFC, Kissandhan, has changed the paradigm of collateral financing by financing across diversified agri products whilst being agnostic to balance sheet or net worth of the borrower yet complying with the prudential norms of RBI. In a short tenure of a year, Kissandhan has already financed more than 210 plus crore across 7 states and multiple commodities across India.

The farmers, especially the small ones, face dilemma due to various factors on both macro and micro levels. There have been climatic fluctuations, inflation, draught and sometimes unexpected monsoons and disconnects in the supply chain. In such scenarios, we have to provide solutions to them especially which can save distress selling.

As on June 2015, Kissandhan has disbursed loans worth Rs 210 crore against various commodities like pulses, grains, oilseeds and menthe oil in multiple locations pan India. The disbursement till date is done in more than 33 warehouses and has handled close to 5,000 storage receipts within the first year of its operations. Kissandhan, has so far, benefitted about 29,700 farmers across the country.

Farming is the most challenging and low income profession in India, how can corporate sector help energising the sector?

The regulatory bodies are taking steps to indulge and encourage public private partnerships, especially in the area of crop storage. The government has urged private players to offer scientific management services at their warehouses to reduce wastage.

While there has been a significant increase in production of foodgrains and other agri-produce in the recent past, there are formidable challenges that the sector is facing. The thrust areas to enhance the sector will be increasing investment through public-private-partnership model and make it more accountable towards delivery, improved value chain including storage, transport, processing and market facilities. Constant innovation can help in improving productivity and competitiveness whereas enabling policies that are necessary to bring knowledge, technologies and service to farmers.

What are your future plans?

We started SLCM with a mere corpus of Rs 16 lakhs almost a decade ago. From one warehouse at inception, SLCM today is standing tall with a network of 750 managed warehouses and a throughput of 240 million metric tonnes.

In 2014, after tapping the business opportunities for expansion and identifying the regions which match the DNA of our country, we zeroed down a few places internationally. Our first destination was Myanmar which is a major exporter of pulses to India and we started operations there in March 2014. Since then, we have enabled disbursement of loans worth 680 million kyats and managed 110,000 sq feet of space and 15 different commodities. Our next destination is Malawi in South Africa and we are in advanced stages of discussion to start operations there.

What relaxation, in terms of regulation and policies, the industry seeks from the government?

We are looking for few regulatory changes in the sector. Though agriculture sector is exempted from services tax, but, unfortunately if a company hires warehouses on lease, the company has to pay service tax. The Government should allow if a gentleman takes a commercial area on lease for providing services to the agriculture, it should be exempted by service tax.

Agri commodities get rotten in the open in the monsoon season. What are the solutions?

Agri commodities get rotten in the open ground not because of the lack of infrastructure, it happens due to the mindset. The people's perception about the industry is there is no place to store the commodities. We don't need a high cost warehousing infrastructure for storing the agri commodities, we can store it in an open field covering with canopies with bamboo mates at the surface. There is a process and system of storing grains. This has nothing to do with the infrastructure. That is what we are bringing on the ground.

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