CHAPTER – 8
PROBLEMS THE SOYA PROCESSING INDUSTRY IS FACING

All through the thesis the picture normally portrayed, shows or indicates that Soya Processing Industry is booming and that it is not facing any problem. But in reality the scenario is a little different. Although this industry owes many positive aspects and the general environment of Madhya Pradesh specially that of Malwa region seems to be and is almost favourable for the industry yet there are certain problems which are not allowing the Industry to flourish at its best. This industry is basically clustered in Madhya Pradesh due to a very simple reason of easy availability of raw material and good cultivation and yield of soybean.

The Malwa belt of M.P. is particularly blessed with such natural and topological environment which is very suitable for the cultivation of soybean. With the efforts of organizations like National Soybean Research Centre and other promotional measures of the government in the past years the yield of soybean has increased in Malwa region, Madhya Pradesh as well as in other soybean producing states. On account of all this reasons this industry had shown tremendous growth in India in general and Malwa region in particular. In today’s date there are so many Soya processing plants located in Malwa Region. Big, large – scaled, reputed and plants of international standard like Prestige Industries, Ruchi Soya, Prakash Solvex, Kriti Industries, Krishna Oils, Vippy Industries, Mahakali Foods, Sky Exim Pvt. Ltd., Process Enterprises, Shivnandi Foods, Nilima Exports, Manibhadra Trade Link,
Khaitan Agro, Shree Siddhi Vinayak Corporation, Dhanlaxmi Solvex, Divya Jyoti, Bajrang Agro, Satguru Oils and many more are into production activities in Malwa Region.

Every coin has two sides and thus is the soybean industry. One side of this coin is good yield, latest cultivation techniques, state of art production techniques, easy availability of raw material, lower transportation cost, easy access to domestic market, increase of area under soybean cultivation, institutional support, favourable governmental policies, high exports, incentives on export, easy availability of labours, efficient marketing support etc.

But the other side of the same coin is the problem the Soya Processing industry is facing in the Malwa Region in particular and India in general.

Thus in this chapter an attempt has been made to discover and study the problems this industry is facing. For treatment of any disease diagnosis of problems and symptoms is must because once this problem is removed the disease is gone.

So is the case with the industries also. For 100% improvement and contribution from the part of industries, the study of the problems that they are facing is imperative, the reason being that if these problems are studied, properly treated and removed then the target of 100% can be achieved and the industries can flourish even more.

The major problems faced by the industry have been summed up after a detailed study and survey of almost all the major Soya processing plants.
A survey was conducted in the prominent Soya processing plants and it was found that they are facing a number of problems. For gathering information related to problems and suggestion, following companies were visited by the researcher:

1. Ruchi Soya
2. Vippy Industries
3. Bajrang Agro
4. Sonic Bio-chem
5. Krishna Oil Extraction Ltd.
6. Prestige Feed Mills
7. Divya Jyoti Industries
8. Kriti Nutrients Ltd.
9. Premier Industries Ltd.
10. Prakash Solvex

The soybean industry is a totally agriculture dependent industry. So if any problem persists or is present in agricultural related aspect then definitely the industry gets affected to a very large extent. Moreover this industry is largely dependent on the indigenous or domestic supply of raw material. In a very few cases the raw material is procured from the foreign market or is imported. To say, that this industry is almost 99.9% dependent on indigenous supply of raw material or soybean seed.

The above mentioned fact is the prime reason why the problems faced by agriculture sectors or cultivation related problems is also mentioned in this chapter.
FACTORS INVOLVED IN THE LOW PRODUCTIVITY OF SOYBEAN IN MALWA REGION AS WELL AS IN INDIA:

It is known that the India’s productivity is less as compared to many countries in the world. The major constraints limiting yield, based on findings of survey are as follows.

1) The **weather is undependable** in terms of onset of rainy season and amount of rainfall and its distribution during soybean growing period.

2) **Low photo synthetically active radiation** levels during overcast days of the monsoon.

3) **Early end of monsoon** resulting in water stress during pod filling.

4) **Poor exploitation of soil profile** for water due to much of the root system having been destroyed in the deeper soil profile by anoxic conditions during water logging.

5) **Inefficient use of natural resources**, particularly rainfall and inappropriate soil and water management practices.

6) **Inefficient nutrient management** and unbalanced use of chemical fertilizers and bio-fertilizers. Lack of use of micro nutrients, Integrated Nutrient Management (INM) not adopted.

7) Due to **lack of weed control measures**, the soybean crop is often highly infested with weeds which at times reduce the yield by 50 to 60 percent.
8) The soybean crop is often affected by **disease**, for example, rust and yellow mosaic virus. The farmers rarely make use of any plant protection measures.

9) The **rate of seed replacement is low** and even the adoption of improved varieties is meager.

10) **Water logging** in low lying fields leading to stunned growth and nitrogen deficiency. Much of the land suitable for cultivation in MP is left uncultivated during the Khariff season because of water logging. Even though some water logged fields are sown with soybean, the yields are very low due to poor establishment.

11) It was noticed that soybean sowing is often done hurriedly as the monsoon sets up without the desired level of cultivation. **Inadequate tillage** exacerbates the weed problem.

12) Many farmers are **unaware of the latest practices** and still sow by primitive methods.

13) **Pre – monsoon sowing** must be avoided as soils moisture is insufficient and thus germination is reduced. It has been found by National Research Centre for Soybean (NRCS) that the average soybean yield, decreases linearly by 181.77 Kg/ha for every five days delay in sowing from the normal date i.e. 25th June in the central zone of India, and the delayed sowing also reduces the oil and protein content of soybean. Delayed sowing may result in yield reduction to the magnitude of 17 – 39%.
14) Another problem confronted is **pre-matured or delayed harvesting**; moreover machine harvesting is also not possible due to water logging.

15) **Inaccessibility of inputs** such as seed, fertilizers, pesticides.

16) **Meager credit facilities** are extended by the government to the small farmers for appropriate investments in their farm equipments.

17) **Low seed quality**. Soybean seeds are highly sensitive to several storage factors such as temperature, humidity, aeration, pest and pathogens and also to physical handling. Therefore, the seeds tend to lose viability in a short time even if the seeds are certified. Many a times the farmers are not aware of and do not compensate for, the low viability when planting seeds.

**PROBLEMS FACED BY THE SOYA PROCESSING INDUSTRY**

In addition to the problem related to agricultural aspects of soybean, there are some major problems which are faced by the soya processing industry Malwa region. As per the survey conducted in the prominent Soya processing plants it was found that they are facing following problems:-

1) One of the most major problems being faced is **poor capacity utilization** which is maximum 40%. This is much below to the break even levels.

2) As it is an agro – based industry so it is almost impossible to plan production due to **irregular supply of raw materials**.
3) The period of soybean availability is very short.

4) There is lack of timely and adequate supply of soybeans of requisite variety and quality.

5) Technical guidance available with regard to post harvest handling of soybean is very less. Additionally the technical awareness for minimizing spoilage and losses is also less.

6) Pest and quality problems in soybean apart from high prices problems in procuring the raw material are also there.

7) The cost of other inputs like fuel, power, transportation and packaging material is high making cost of production to rise.

8) The industry faces unduly high burden of taxation like sales tax, octori, customs duty etc.

9) High import duties have to be paid on the import of plant and machinery, spare parts and on certain other inputs to industry.

10) The advertising and promotional measures to increase the sales are also a weak point of the industry.

11) The industry lacks the support of proper and adequate infrastructure such as post harvest handling, treatment facilities and storage facilities.

12) Lack of awareness among the general public belonging to all classes, ages and groups about the value and role of soybean and its products as indispensable part of daily diet, in providing vitamins, minerals and proteins.
13) **Heavy and cut throat competition** in export and international market.

14) **Unpredictable export market** resulting in lack of sustained and dependable demand.

15) The *domestic demand* for soya products is *inappropriate*. Consumers are not aware of benefits and nutritive value of soya products. Due to lack of demand in domestic market the industries are not motivated to improve their productivity.

16) The *prices of soya products* are very high in India. This is due to low productivity by both farmers and industries.

17) The industry has to face a **tough competition from their counterparts** of Argentina, Brazil and U.S.A. The exporters of these countries offer the soya products of high nutritive value at very cheaper rates as compared to Soya processing industry in India & M.P. to the world market.

18) **Duty free import of crude oil** has put tremendous pressure on the price front. Margins are water thin.

19) Industry *operates under high speculation mode* due to numerous domestic and global factors.

20) **High end technology** for value added soya food products currently is *not available* to this industry.

21) The **Government too is not taking proper initiatives** to boost up exports of soya products.
SOLUTIONS:

1) By using print and electronic media, attempt should be undertaken to increase public awareness of the health and nutritional benefits of Soy, emphasizing in particular that soy food are inexpensive and can help to eliminate both malnutrition and chronic diseases associated with over nutrition. Part of this effort should be to assure the public and medical communities that soy is safe and concerns expressed by some segments of society that soy adversely affects growth and the reproductive life of men or women are without scientific merit.

2) It should be publicized that soy based foods are most effective in alleviating malnutrition among children, lactating and expecting mothers and would be of significant value in minimizing low birth weight of children in the country.

3) De – fatted soy flour based soy food such as Soya – fortified atta, Soya besan, Snack food etc. should be emphasized along with tofu (Soy paneer) and soymilk.

4) Soy based foods must be promoted in Pradhan Mantri Gramoday Yojna (PMGY) and Integrated Child Development Services (ICDS) as well as in Credit Lines given by Government of India to various under developed countries.

5) There is need to minimize the packaging costs in the making of soy products and to make soy products consistent with the Indian palate, so that soy food can be embraced by the Indian population at large.
6) Industries should **club up and jointly advertise** and promote the soya products in international market.

7) Soya products should be **promoted as generic products** and their promotion should emphasize on the health benefit of Soya rather than the advertisement of a particular company’s product.

8) Indian Soya products should be **made even more available on the supermarkets** shelves so as to create awareness among the customers regarding its uses.

9) Soya Processing Industry should be **treated as a high priority industry** and as an export oriented industry, providing it with all vital inputs including finance at affordable prices, subsidized to the extent necessary and insulated from scarcities and interruptions in supplies.

10) Industrial licensing and registration policies should be regulated so as to **prevent sickness** at all the sectors of Industry.

11) **Import duty** on import of modern plant and machinery should be **reduced**, so that with the help of modern technology a quality product can be produced and its cost of production could be reduced so as to become competitive in world market.

12) **Infrastructure facilities** needed for post harvest handling, storage and transportation should be provided at the costs the industry can bear.
13) **Research and Development** in the field of developing soybean varieties should be encouraged so as to get higher yield with quality product.

14) **Product promotion and Marketing** of the processed products to be undertaken in the domestic and export markets on a massive scale and full financial support should be provided by the government.

15) The incidence of **all kind of taxes**, duties and other levies should be **minimized** and reduced to levels which the industry can bear.

16) The **genetic base** of Indian soybean varieties should be **broadened**.

17) All possible aid and encouragement should be extended to the industry to **modernize its management techniques** and systems and to carry the industry forward into the 21st century.

18) The Government should **give a special place to soybean** in its Agriculture Policy.

19) **Special training** related to latest cultivation and harvesting techniques must be given to the farmers. For this, the State Department of Agriculture needs to take up extra efforts.
20) All **possible aid and encouragement** should be extended to the industry to modernize its management techniques and systems and to carry the industry forward into the 21\textsuperscript{st} century.

21) A **Good assessment of the Indian Pricing Strategy** should be made by the government.

**GENERAL SUGGESTIONS BY THE RESEARCHER**

1) The companies should **adopt the method of contract farming**. This means that the companies should give contract to the farmers for their raw material that is the soybean seeds. This can be useful in minimizing the cost of production and the incidence of non-availability of raw material. Both the farmer as well as the companies would be benefitted by doing this.

2) The Government should **determine the Minimum Support Price** of the Soybean seed keeping in mind the **condition and the requirement of the industry**. There should be a balance between the need of the farmers and the need of the industry. If the prices are decided keeping in mind only the farmers then the industry suffers and if industry is considered then the farmers suffers. Thus there should be a balance between the Agricultural and Industrial Policy of such industries which are agro-based.

3) The Government of Madhya Pradesh is **more concerned about the farmers** and it can be noticed that this concern sometimes proves **non-beneficial for the industries**. For example, if the price of soybean seed is kept high the farmers would gain but the
industries would be at loss and the consumers also would suffer. If the price of seed is high, the cost of raw material and the cost of production would increase and in turn the price of the finished goods would also increase. If the prices are high then it becomes very difficult to compete in the international market.

4) The returns in case of soybean exports are very lucrative. As per the policy in India, edible oil cannot be exported. But in addition to soybean oil there are many other products that can be manufactured out of soybean seeds, this also includes value added soy products. The companies should resort to production of such soy products which can be easily exported. This would make their financial condition better.

5) The Government should make a separate policy for the Soya Processing Industry because this industry has a very bright prospect and immense potential but it is lacking attention of the Government.

6) As there is no such export incentives given by the government to Soy Value Added Products, so this ultimately leads to make the price of the product high in the international market. Therefore a specific percentage of drawbacks should be made available to soy value added products exporters to make the price competitive enough in International Market.

* * * * *