

Exclusive Interview

SEZs Will Play An Important Role With A Focus On Export Market

Mr Dinesh Gupta, President of Bry Air Asia Pvt Ltd, speaks to Firoz H Naqvi, expressing optimism. Bry-Air, a Pahwa Group company, is a global solution provider for complete environmental control with specialization in humidity control, dehumidification, drying, storage, preservation, air and gas purification and plastics auxiliaries supported by state-of-the-art facilities, worldwide operations and customers in almost every industry. It is a multi-product, multi-location company with plant locations in India, Malaysia, China, Brazil and

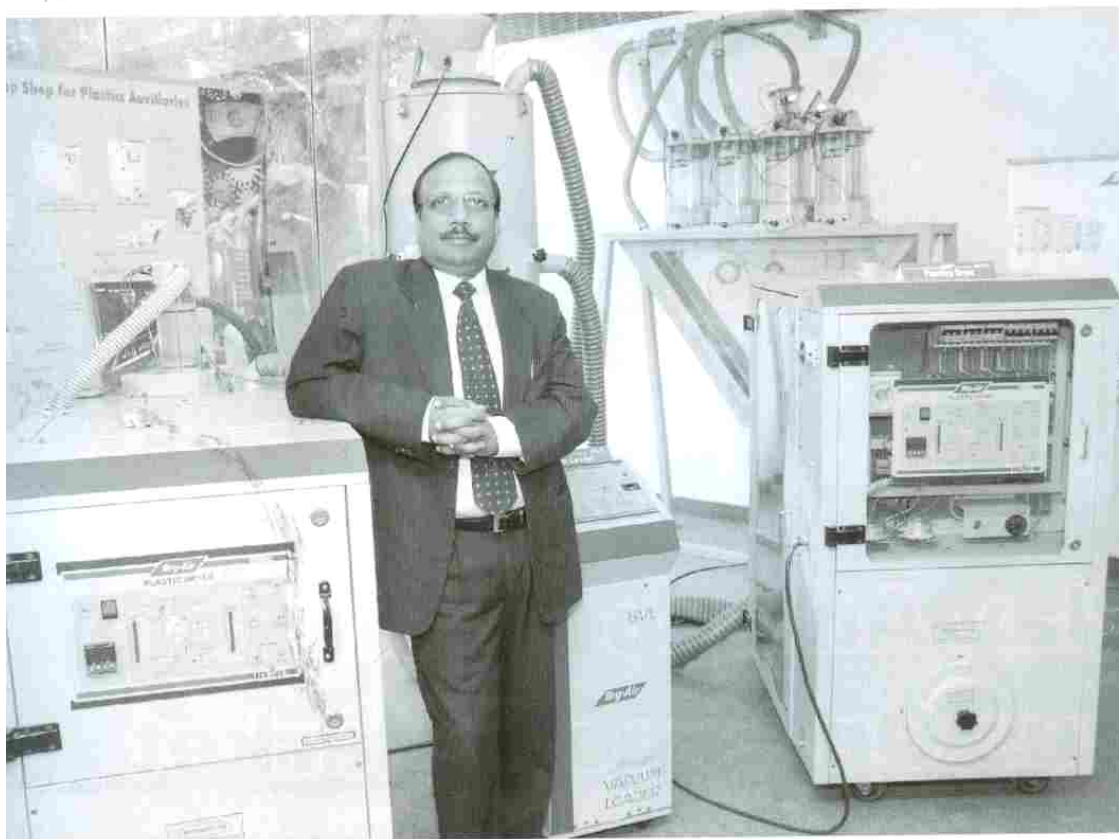
the USA. The company's products are not sold only in India, but also exported to over 40 countries in South East-Asia, China, CIS countries Indian subcontinent, West Asia, Middle East, Africa including South Africa and Australia as well as USA and Japan.

Mr. Gupta has been instrumental in many overseas initiatives for the Pahwa Group covering establishing of manufacturing facilities in Malaysia & China and own network of marketing offices in various key markets.

In addition, Mr. Gupta has experience in the field of renewable energy in photovoltecs (solar cells) while working with UEC, California, USA including setting up of 100% EOU for them in India.

An Electrical Engineer from IIT, Delhi, Post Graduation in International Marketing from IIFT, Delhi, Mr. Gupta has also undergone extensive orientation programmes in various aspects of air drying, and energy recovery in USA and Holland.





The Government is taking very keen interest in the Indian food processing industry and is very enthusiastically planning 350 new food processing plants across the country during the next five years with the budget of Rs 1, 00,000 crores and is even expecting funds from abroad. So, according to you, how will these changes affect the food processing sector, especially for those who want to invest in this industry?

The thought in this direction is indeed a good plan. The focus of the Government is planning to support this industry to grow. I also feel that the plans for SEZs are also very good. SEZs will play an important role with a focus on export market. I could see a lot of foreign companies coming in from various industries involved in food processing to set up their shops either on their own or through joint-venture which will allow them to utilise the natural advantage which India has on food raw material, utilise it for processing and make them available for the Indian market which is a huge market for local consumption as well as for their export efforts.

So do you see a great attention from the global companies as well?

I definitely see that and I always believe that two factors – which will remain to some extent recession proof – are food and pharmaceutical sectors because both of them actually deal with the human beings. I do believe that there will be good a level of investment coming in with these encouraging schemes by the

Government for encouragement of the industry.

The lack of adequate infrastructure is said to be the main reason for low percentage of processed food in India. On the other hand the infrastructure created by private companies, especially by MNCs like McDonald's and PepsiCo is huge and working both in favour of them and the farmers, do you think MNCS are out performing and we should follow them?

I think you are right, but a lot of them are having their own full supply and distribution network. PepsiCo has its global reach and experience. It is now attempting the same here successfully. There are some Indian examples also like Haldiram. You will see these are the type of people who would set this revolution going because they are into multiple products for processing and they will have their reach to a common man as well as have their own export potential. I do feel this kind of growth will be witnessed in a big way in the country and it will all depend on these kinds of programs and SEZs or so called areas of excellence, being created by the Government.

Encouragement to the SEZ act, which was put up in the 2006, is a good thing. SEZs provide good infrastructure and solve the problems which persists with the farmers for storage of their fresh produce. Once cold stores and cold warehouses are created in these zones, the farmers from the vicinity of 200 to 300 kilometres can make their produce

reach on time. The fresh produce will not be spoiled due to lack of infrastructure.

There is a good chance for global companies to sell their machinery not only to Indian processors but also to create a manufacturing hub here for the neighbouring countries and rest of the world?

I think, it will happen like it did in China. China has become a world manufacturing base for various machineries. Companies were producing their products there and were taking it back for their profitability because China did not have that kind of consumption earlier. But now it has grown quite a lot. In India the focus would be slightly different. Those who manufacture and supply machinery and systems will make a local tie-up to create these systems in India for the local consumption. The manufacturers of machinery, as you pointed out, may have their machinery for South Asia – countries like Pakistan, Bangladesh, Sri Lanka and Nepal – but they may not look for the export of these machineries beyond this region or too far. They may look for providing the system support and local manufacturing to their specifications to satisfy the needs of the industry here.

Duties on foreign technologies and machinery have been a great stopper for the entrepreneurs. They are not able to buy the foreign machines due to these duties. Your comments.

I personally believe that the cost of the machines would be more detrimental than the amount of taxation because overall India was able to streamline taxation to less than 10 percent in most on the machinery. But bigger problem – which the Government trying to rectify – is that, if somebody tries to manufacture machinery with the some of the imported key components, he has to pay duties on those components too. The Government must support and encourage the local industry. Sometimes there is certain critical technology with somebody in a foreign country and that company is not ready to give the technology to an Indian importer. In that case we need to import the components. These components should be available at a reduced or nil duty.