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Publication	The Hindu Business Line	Date	10-October-2021
Link	https://www.thehindubusinessline.com/economy/agri-business/growing-with-agtech-application-of-new-technologies-poised-to-transform-agri-sector/article36925327.ece		

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Agri Business

Growing with Agritech: Application of new technologies poised to transform agri sector

Sandeep Sabharwal | Updated on October 10, 2021



The lack of market linkages is one big factor adversely affecting farmers' income.

The creation and adoption of cutting-edge technologies is a strong enabler of rapid economic progress. In the post-

Covid-19 pandemic era, this has become an even more pressing requirement across industries including agriculture.

As per recently revealed market indices, agriculture – the primary source of livelihood for about 58% of our population – together with allied sectors accounted for 17.8% of gross value added in India (at current prices) in FY2020-21. Since March 2020 even as the pandemic-induced lockdowns took a toll on industry and services, agriculture growth of 3.1% helped sustain consumer demand.

This growth in agribusiness is being driven by rising demand, changes in food consumption habits and the need to respond to climate change. According to the UN, by 2030, India will have the world's largest population, representing 1/3 of Asia and 17% of the world. This implies a massive uptick in agricultural demand, with income growth accelerating consumption of meat, fruits and vegetables, relative to cereals. This outlook calls for a commensurate shift in output.

Impediments to Indian Agritech

Poor agricultural practices and lack of knowledge of scientific farming techniques among our farmers have kept productivity below global benchmarks. Despite a robust digital infrastructure comprising satellite imaging, soil health information, land records, and cropping patterns and frequency, the penetration of digitalisation is very low presently.

Another major challenge is the limited adoption of financial services like credit and insurance. A 2019 study by the Reserve Bank of India (RBI)'s internal working group revealed that despite several government schemes to include farmers in the banking system barely 40% had access to formal credit.

The lack of market linkages is the next big factor adversely affecting farmers' income. Today, 85% of Indian farmers get prices 40% or lower than the minimum support price (MSP), with no direct access to buyers outside existing mandis. Meanwhile, even the number of such markets has not been multiplied as projected.

Even the farm mechanisation in India is low, at 40-45% compared to 95% in the US and 57% in China.

Then there is also the added challenge of changing environmental conditions. According to the Intergovernmental Panel on Climate Change (IPCC), greenhouse gas emissions have been growing at an alarming pace. The resultant rising temperatures have severe implications for ecosystems, affecting each aspect of food production and quality.

In addition to the above, new challenges are likely to also emerge in the areas of pest and disease management, supply chain management and raw material costs going forward. Therefore, both businesses and the government need to work towards the development of resilient supply chains.

Encourage Adoption of Precision Technologies

Application of new technologies like artificial intelligence (AI), machine learning (ML), internet of things (IoT), big data, blockchain, machine vision, drones, call centres, etc., are poised to transform the sector by enabling higher productivity, superior quality, traceability and real-time visibility even while reducing the carbon footprint and increasing profitability.

An enhanced focus on cost, quality and reliability are critical drivers of the increased adoption of precision agricultural technologies. The large volumes of data generated through farms can be captured, processed and valorised using analytics to offer real-time insights to cultivators to empower timely and effective decision-making, reducing production costs and improving yields.

For instance, the collection of specific data about soil, weather, pests, etc., using IoT sensors or geospatial technology and its analysis by precision farming solutions help provide timely insights.

Hidden Potential

According to a 2020 EY report, the total addressable market for food processing and agritech amounts to USD24 billion by 2025. It estimates the potential of supply chain tech and output market linkages at USD12 billion, financial services at USD4.1 billion, precision agriculture and farm management at USD3.4 billion, quality management and traceability USD3 billion and market linkages-farm inputs at USD1.5 billion.

Although the segment has witnessed strong investment activity in the past few years, the market penetration is at a lowly 1%! Adequate investment, infrastructure, and innovation could help India create millions of agri entrepreneurs, taking rural prosperity to unimaginable levels.

In a nutshell, a wide range of technologies will enable the transition of Indian agriculture. Along the way, some bespoke technologies will also need to be developed specifically for local conditions, while technologies already available for other industries could also be adapted.

Similarly, some of the new business-to-business (B2B) agritech solutions will also have business-to-consumer (B2C) utility.

Here the role of India's software developers will be very important. As per the internet host for software development and version control, GitHub, the world's second-most populous nation has over 5.8 million developers. This pool of brilliant women and men can be effectively leveraged to create agritech solutions not only for the country but the world.

I would like to leave you with a beautiful story from the life of the Father of Modern Indian Engineering, Sir MS Visvevaraya. During a visit to the mighty Jog Falls in Karnataka's Shivamogga district, while others in his group marvelled at the beauty of the white streams of water furiously cascading down the gorge, the great soul exclaimed, "What a waste!" It was this foresight that eventually culminated in the 120 MW Mahatma Gandhi Hydroelectric Project coming up at the site.

The Jog Falls of our human resource will need to be harnessed as effectively. And to do that the Indian information technology-enabled services (ITeS) industry will need to look beyond merely coding for the world to developing software as a service (SaaS).



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Published on October 10, 2021