Agri Warehousing: Towards an Era of Growth

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Proactive adoption of new and disruptive technologies will not only result in Indian agri warehousing players achieving unparalleled growth but also enhance their competencies to provide warehousing solutions to the world.

India's logistics & warehousing industry has amply proved its capability by successfully withstanding the force majeure COVID-19 pandemic. Since March 2020 when India announced the world's largest lockdown, the sector, particularly the agri logistics and warehousing segment, has managed to rise to the occasion by performing its role seamlessly.

Just like the yeoman service performed by the nation's corona warriors during the pandemic, agriculture workers and people engaged in agri warehousing and supply chain management have worked 24x7 in tandem to ensure a disruption-free agricultural supply chain and safety of the produce by facilitating its storage, transportation and warehousing.

It is not that the agri logistics & warehousing sector has not faced obstacles arising out of the pandemic. However, proactive deployment of the solutions offered by emerging disruptive technologies has enabled players like Sohan Lal Commodity Management Pvt. Ltd (SLCM) to quickly remodel and adapt their day-to-day working to continue providing their services 24x7 in these uncertain times. Technology adoption especially came in handy when we were required to manage our operations remotely in the best interest of our employees.

Sky's the limit

Agri warehousing constitutes approximately 15 per cent of the warehousing market in India and is worth anywhere in the range of Rs 80-85 billion. At present, the agri warehousing capacity in India is more than 120 million metric tonnes (MMT) and has grown at 4 per cent CAGR since 2017. The exponential growth and innovations like scientific warehousing, GPS tracking, geo-fencing, real-time monitoring, etc., have all instilled confidence amongst stakeholders involved in the sector that has, in turn, brought in a lot of interest from private equity (PE) investors as well.

The segment can contribute in a big way in helping the Indian economy achieve the ambitious $5 trillion target. Typical storage losses for agricultural produce in India account for approximately 10 per cent – only for the dry food grains – of the entire production, which is a staggering Rs 1 trillion. It is, therefore, important that technological solutions are adopted at a rapid pace to help reduce the post-storage losses.

The announcement by the Central Government of 11 steps for the agriculture sector as part of the Aatmanirbhar Bharat initiative is indeed a welcome development. The allocation of Rs 1 trillion for farm gate infrastructure, including affordable and viable post-harvest management, clearly reveals the country's intent to develop and enhance post-harvest agri infrastructure.

Implement scientific warehousing

As emphasised earlier, storage losses for food grains result in a huge burden on the economy. Firstly, this leads to inflation as additional supplies could have helped keep food price inflation stable and, secondly, the agri commodities thus wasted could have instead been utilised to ensure food security for the poor. SLCM

has done pioneering work to implement scientific warehousing in the country. Presently, all our warehouses are integrated with real-time data embedded in artificial intelligence (AI) enabling real-time tracking of the facilities to provide error-free results on the site's status and the products stored within as well as in transit.

A patent-pending algorithm named AgriReach developed by us combines a series of processes, audits and real-time tracking of the facilities to give error-free results and minimise the risk of crop damage. Techniques like geofencing, bar-coded storage receipts and 79 internal audits along with a 'Maker and Checker' policy at every level are utilised for instantaneous tracking and preventing pilferage. Simply put, AgriReach is an aggregation of defined processes that are executed sans any deviation for monitoring stored goods. This distinctive technological innovation allows SLCM to establish a new warehousing facility 48 hours irrespective of the available infrastructure, weather or geography to provide a standard operational experience at all facilities even while maintaining the highest standards of quality control.

Since April 2021, SLCM has also started executing its warehousing contracts using the AgriSuraksha solution that incorporates the latest internet of things (IoT)-based surveillance technology, enabling real-time monitoring as well as interaction with the personnel at the site without the use of mobile telephony. A result of years of painstaking research, AgriSuraksha enables audio/video monitoring of produce in faraway locations from the command and control centre at the group's corporate headquarters in New Delhi. As of October 2021, over 200 warehousing facilities were tracked using AgriSuraksha. By the close of FY2021-22, we expect to bring 80 per cent of our warehouses under its coverage.

With the help of AgriReach, SLCM has reduced these post-harvest losses from 10 per cent to merely 0.5 per cent. As per our as well as third-party calculations, if rolled out on a countrywide basis, the AgriReach process management system could translate into saving a staggering Rs 995 billion every year to the country.

We were also the first company to introduce SAP-based Enterprise Resource Planning (ERP) in the agri warehousing space and implement it in a record time of six months.

In a marketplace model, intelligent call centres have an extremely important role to play particularly during a crisis like COVID-19. Smart SAP-enabled call centres integrated with real-time data embedded in artificial intelligence (AI) help us with real-time tracking of the facilities providing error-free results on the status of the warehouse and the products stored within as well as in transit.

Due to our embedded digital approach, we at SLCM have been able to double our assets under management (AUMs) from the previous Rs 2,000 crore daily to Rs 5,000 crore daily. And that has happened at a time when the country faced one of the world's largest and strictest lockdowns, wherein all services were severely affected including mobility of people who are key to the physical movement of food grains. Unlike in the information technology-enabled industry (ITES), where work can be managed virtually, consumption of agri produce can only be ensured through the physical movement of goods.

Warehousing for the World

With increased focus on part of policymakers on scientific warehousing, our outlook for warehousing remains positive. We are quite optimistic that this will eventually help trigger the much-needed momentum in the sector. Successes in domestic operations along with increasing confidence and depth of domain expertise and operational competence have also emboldened Indian agri warehousing companies to look at the overseas markets for expansion. In keeping with the Central Government's outreach to countries of SouthEast Asia, we launched holistic warehousing operations in Myanmar in 2014.

The country's South Asian neighbours like Bangladesh, Nepal and Sri Lanka also present an opportunity for homegrown players to establish an overseas presence owing to their geographical and cultural proximity. In addition, the African Continent also presents a lucrative market for expansion because of its untapped agri warehousing potential.

In preparation for the future, the Indian Agriculture sector needs a modern and professionally managed agritech mechanism that is capable of successfully addressing the demands of a growing population, a rapidly expanding economy and capable of competing with the world's best. AS