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Ensuring global food security

India, with its tech prowess and resourcefulness, can become the global leader in scientific agri value chain solutions

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THE INDIAN AGRI-WAREHOUSING sector is flourishing, with the government incentivising private investments in warehousing. Inclusion of agri-warehousing under priority sector lending by RBI, subsidy schemes, tax sops and the Warehousing Act have gone a long way in promoting the sector. Schemes such as the Private Entrepreneurs Guarantee Scheme guarantee hiring of privately developed warehouses by FCI for up to 10 years, assuring a fair return on investment by the entrepreneur.

Significant successes in domestic operations, along with increasing confidence and depth of domain expertise and operational competency, has emboldened Indian agri-warehousing companies to actively look at overseas markets to expand their operations. While immediate neighbours such as Bangladesh, Myanmar, Nepal and Sri Lanka present a perfect opportunity for Indian companies to establish overseas presence, other Asian countries and even countries in Africa present a lucrative market for expansion because of vast untapped or under tapped agri-warehousing potential. While a few Indian agri-warehousing companies have already set up operations in neighbour-

ing countries and are experiencing considerable success, such overseas forays are not without challenges.

Agriculture remains a significant contributor to the national GDP and the main employment provider for most developing economies. One thing that is common to almost all developing economies is the high level of agriculture wastage—a bulk of wastage takes place post-harvest at the storage and transportation stage. This is where

private sector agri-warehousing companies play a big role in bridging the gap in demand and supply of storage facilities. Also, in developing economies, workforce development and skill base development in the agri-warehousing sector is usually lacking since the focus is on promoting the formal sectors of the economy. Thus, the doors for private investments in the agri value chain, especially warehousing solutions, is wide open.

The challenges awaiting Indian compa-

nies range from sourcing of funds, asymmetric market structures, restrictive regulatory environments and other location-specific challenges and policy shortcomings. Also, lack of support infrastructure such as roads and railways can also affect investment plans and cause significant challenges for the investors. Developing nations are sensitive to changes in the global economy and an increase in crude prices can have a negative impact on local economies, affecting the return

on investment. Moreover, tax systems and regulatory requirements may vary from place to place and can act as a deterrent to investment. Having said that, the opportunity for investment in the sector remains high. In fact, Indian companies might have an edge in the ASEAN region as it presents largely similar developmental and regulatory challenges as India. Indian companies can also look at crop insurance, grain management, financing, testing and certification, weather

intelligence, etc, apart from warehousing.

With rising global population and diminishing farmlands, the demand for scientific management of available agricultural products will become critical in ensuring the supply of food from farms to consumers. Today, due to lopsided development in supply, large sections of the population remain underfed and malnourished, in spite of sufficient production to meet global food requirements. Scientific and modern warehousing along with an efficient ecosystem for transportation, storage and delivery of agricultural products will be necessary to ensure food security. Changing and evolving food habits will also require an efficient warehousing and supply chain solution to maintain the changing demand and supply dynamics.

India has significant levels of technological prowess and ingenious resourcefulness. As such, it is well-placed to become the world leader in innovative and scientific agri value chain solutions. By developing innovative, scientific and efficient warehousing practices that can revolutionise the agri-warehousing sector, India can play a leading role in ensuring global food security through efficient process management in the entire agricultural value chain.

