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BUILDING A STRONG SUPPLY CHAIN

If scientific processes are deployed to manage storage and agri logistics in existing structures, storage losses can be reduced from 10 per cent to a mere 0.5 per cent

BY SANDEEP SABHARWAL



While self sufficiency in food grain output is laudable, it is equally distressing to note that every year, an enormous amount of food stock gets wasted due to archaic procurement, storage and warehousing methods

million tonne food grain and to meet domestic demand. Further, going by current output trends, food grain output is projected to reach 290 million tonne by 2020 and 345 million tonne by 2030.

While self sufficiency in food grain output is laudable, it is equally distressing to note that every year, an enormous amount of food stock gets wasted due to archaic procurement, storage and warehousing methods. Typical storage losses for agri products in India account for approximately 10 per cent of the entire goods. This results in huge burden on the economy because it leads to inflation as additional supplies could have helped cool down prices and two, this production can go a long way in providing food to millions of poor people in India at highly subsidised rates. According to a Ficci Study conducted on SLCM's systems and processes "Agri Reach" (patent pending), using scientific processes for managing storage and agri logistics in existing structures can reduce storage losses from 10 per cent to a mere 0.5 per cent which translates into a saving of \$13 billion or roughly ₹80,000 crore every year in India. This has been clearly demonstrated by SLCM Group & validated by the detailed study of Ficci- Partnership to Scale New Heights: India-US Collaboration in Agriculture.

Given the demand for food grain, it will only increase in the coming years due to an increase in population, rising income levels and changing dietary preferences, India can ill-afford such colossal wastage of agriculture produce. The pressure will only increase as available farm land will go

India's agriculture sector has made rapid strides in the last few decades as introduction of new farming methods and technologies has enabled farmers and allied sectors to increase yield per hectare and produce bountiful food grains including rice, wheat, pulses, and coarse cereals. India's geographical diversity and varying soil cover also allows for production of various types of agricultural products. For 2014-15 crop year that runs from July to June, India is expected to produce 261

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down due to rapid urbanisation and the need to build associated infrastructure. A combination of these factors is bound to push up prices.

It is imperative that apart from raising agricultural productivity, improvement in management of supply chain would be critical for main-

taining overall economic growth and prevent any sharp escalation in prices. India must start to demonstrate and adopt best warehousing practices/ processes for a robust supply chain management for agriculture as well as farm products. Some players in the industry have shown their



The pressure will increase as available farm land will reduce because of urbanisation and the need to build associated infrastructure

and only about 2 per cent of production is processed commercially. India's current cold storage capacity is barely sufficient for 10 per cent of fruit and vegetables produced in the country.

Improper warehousing practices results in seasonal fluctuations in product prices. According to Niti Ayog (formerly known as Planning Commission), the estimated gap between agri-warehousing supply and demand is at 35 million tonne. Here too, there is a substantial inter-regional imbalance as northern part of the country has access to 60 per cent of the total storage. Existing marketing channels are dominated by multiple intermediaries, thereby adding to the woes of the producers of perishable agri goods.

With simply adopting best practices by the key players in the market; the availability of food grains would be 9.5 per cent more which is equivalent to almost ₹76,000 crore. Also, there is an urgent need to spruce up both road and rail connectivity. This will ensure that farm produce can be transported across the length and breadth of the country in a more secure environment and in quick time, thereby ensuring minimal impact on the quality of the produce.

Technology can be a key enabler and game changer in establishing efficient and transparent processes in the supply chain system and facilitate sharp reduction in post harvest losses. The ef-

competence in the area and some need to innovate.

For instance, India is the world's largest producer of fruit and vegetables but it has been estimated that inadequate post-harvest storage and transportation cause losses of around 30-40 per cent, while only 7 per cent value addition takes place,



efficient value chains will not only cut down wastage but also bring down the yawning gap between farm gate prices and retail prices. For example, introduction of GPS enabled handheld devices will ensure real time reporting on the status of the goods stored, enable digital signature, cut down turnaround time, and transmit data on key parameters to one central location while GPS tracking will ensure warehouse manager's availability. The real time data can also be shared with the clients so that they can immediately point out in case of any anomalies.

Similarly, warehouses can be sealed with hybrid seals having unique numbers and the break-

India needs to adopt best warehousing practices/processes for a robust supply chain management in agriculture as well as farm products

ing and fixing of seals can be both monitored on daily basis. This also enables monitoring of timely opening and closure of warehouse, facilitates regular monitoring of the stored commodity and allows immediate action in case of any fidelity or theft.

India's farm output is precious and the efforts should be aimed at ensuring that not even

a morsel is wasted. There is a need for a sustained campaign to improve existing storage spaces and introduce technology to make the entire supply chain smooth, transparent and mobile to ensure quality, timely delivery, right price and minimal losses.

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