

# How supply chain solutions can help reduce farm wastage

Technology can be a key enabler in establishing efficient and transparent processes and reduce post-harvest losses

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While it is laudable that India has achieved self-sufficiency in foodgrains production, it is equally distressing that every year an enormous amount of food stocks get wasted due to archaic procurement, storage and warehousing methods. Typical storage losses for agricultural products in the country account for approximately 10 per cent of the entire goods. This results in huge burden on the economy because one, 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 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, translating into a saving of \$13 billion or roughly ₹80,000 crore every year. 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.

## Price escalation

Given the demand for foodgrains - it will only increase in

the coming years due to surge in population, rising income levels and changing dietary preferences - the country can ill-afford such colossal wastage of agriculture produce. The pressure will only increase as the available farm land will decline due to rapid urbanisation and the need to build associated infrastructure. A combination of these factors is bound to push up prices.

It is thus imperative that apart from raising agricultural productivity, improvement in management of supply chain would be crucial for maintaining overall economic growth and prevent any sharp escalation in prices. India must start demonstrating and adopting best warehousing practices for a robust supply chain management for agriculture as well as farm products.

## Price fluctuations

For instance, though we are the largest producer of fruits and vegetables in the world, inadequate post-harvest storage and transportation cause losses of around 30-40 per cent, while only 7 per cent value-addition takes place. Only about 2 per cent of the production is processed commercially.

The current cold storage capacity is barely sufficient for 10 per cent of fruits and vegetables produced in the country. Im-



proper warehousing practices result in seasonal fluctuations in product prices. According to NITI Aayog (formerly Planning Commission), the estimated gap between agri-warehousing supply and demand is 35 million tonnes. Here too, there is substantial inter-regional imbalance as North India 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.

## Logistical problems

By simply adopting best practices, the availability of foodgrains will 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 trans-

ported 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. 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.

The writer is the CEO, SLCM Group. Views are personal.