

MEDIA COVERAGE REPORT



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Leadership Positioning – Industry Story participation

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**Leadership Positioning
Industry Story Participation**

COVER STORY

AGRICULTURE

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ne of the problems that agri-business major ITC faced during the initial weeks of the Covid lockdown was labour shortage and limited availability of trucks. Instead of waiting for the situation to improve, the company carried out new supply chain interventions such as multi-point rake movements, loading containers directly from villages and *mandis* and coastal container movement. Even bag-less supply chain (loose grains) was tried out, says S. Sivakumar, Group Head, Agri and IT Businesses, ITC.

For the company, such a crisis might have been temporary, but for Indian agriculture, it remains one of the biggest perennial problems. The ability to ensure remunerative prices to farmers, handling of post-harvest produce with minimum losses, maximising value addition and transporting fresh produce and processed food seamlessly within the country and abroad have been the holy grails of India's agricultural sector reforms. The Covid stimulus announced by Finance Minister Nirmala Sitharaman some days ago recognised most of these concerns. Most of the ideas are not new. Implementation has been the main hurdle throughout.

Rolling The Ball

The need for the changes is critical now. According to the 3rd advance production estimates of major crops for FY20, released by the agriculture ministry on May 15 – the day agriculture stimulus measures were announced – the country saw a record production of foodgrains (295.67 million tonnes) like rice, wheat, coarse cereals and maize. Oilseed and cotton production are also setting new records. It is time to manage the produce efficiently. Individual companies can do their bit, but the country cannot move ahead without a national framework. "Scientific agriculture practices, innovation in organised credit, better post-harvest management, extending shelf life of produce, efficient storage, smart logistics and a plethora of other options are available from smart entrepreneurs. This is the right time to bring that bouquet to farmers," says Palat Vijayaraghavan, Founder & CEO, Lawrencedale Agro Processing India

A New Farm Deal

DIRECT SALE OF FARM
PRODUCE, PRICING
FREEDOM, DIGITISATION AND
TRACEABILITY IN POULTRY,
LIVESTOCK AND FISHERIES
SEGMENTS WILL GO A LONG
WAY IN ACCELERATING THE
FARM ECONOMY

BY JOE C. MATHEW
ILLUSTRATION BY RAJ VERMA



HOW TO UNSHACKLE ECONOMY

Exemption from Essential Commodities Act, which specifies stock limits if prices rise beyond a level

Suspension of APMC Act mandating that farmers can sell produce only in *mandis*

Stringent health and safety measures in animal husbandry, poultry, fisheries

Massive co-operative movement among farmers

Policy to develop national agri-logistics infrastructure

MODI GOVERNMENT'S MOVES

Amendment of the Essential Commodities Act to reduce its use

Central law to bypass the APMC *mandi* system

Universal immunisation of cattle to eliminate foot and mouth disease

Encouraging formation of farmer producer organisations

₹ 1 lakh Crore agri-infrastructure fund

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Awaiting Implementation

WHAT THE COMMITTEE ON DOUBLING OF FARMERS INCOME RECOMMENDED IN SEPTEMBER 2018

RECOGNISE AGRICULTURE AS AN ENTERPRISE

Adopt NITI Aayog's Model Land Leasing Act

Make cultivators farm managers by outsourcing services

REDEFINE MANDATE OF AGRICULTURE

Go beyond food and nutrition security

Include generation of raw materials to feed industrial enterprises

ADOPT MARKET-LED CROP GEOMETRY AND PRODUCT MATRIX

Preference to nutrition yielding, job creating and income generating crops

Change from only farm activities to farm + on-and-off farm activities (primary + secondary agriculture)

ALL POLICIES AND STRATEGIES MUST ADOPT 'FORK TO FARM' APPROACH, NOT 'FARM TO FORK' APPROACH

New market architecture comprising GrAMs (Gramin or rural agriculture markets) and alternative wholesale and export markets

Target 2022: 5,000 GrAMs, linking of 1,500 markets onto online platform, \$100 billion agri exports

REVITALISING OF EXTENSION SYSTEM BY BLENDING MANPOWER AND ICT

Transition from government-led to partnership-based delivery

Arrangement of additional manpower for market extension services

(LEAF), an Ooty-based agriculture value chain firm.

The government was aware of these requirements much before the Covid-19 stimulus. One of the key recommendations of the Doubling of Farmers Income (DFI) Committee in 2018 was to adopt various structural reforms and a governance framework to solve these issues. "Several of the committee's suggestions are already being implemented. The government is working on institutional mechanisms for effective coordination and convergence of manpower, material, money, time," says Ashok Dalwai, Chairman of the DFI committee. The Covid-19 stimulus measures for agriculture include a financing facility of ₹1 lakh crore for funding agriculture infrastructure projects at farm-gate and aggregation points (Primary Agricultural Cooperative Societies, Farmers Producer Organisations, agriculture entrepreneurs, start-ups, etc). The fund will be created immediately, Sitharaman said.

Equally important is the freedom to sell. "Allow farmers and wholesale dealers, businessmen, etc., to buy and sell products wherever they wish without the restrictions of the APMC Act," says farmer leader Pushpendra Singh, President, Kisan Shakti Sangh.

Agriculture economist Ashok Gulati wants the APMC Act, which limits farmers' ability to sell in local markets or *mandis*, to be suspended for at least two years. "APMCs have become a source of rent seeking for *arthtias* (middle men). They exploit farmers and buyers. Most of these market committee members are from the political class. The government should break this chain," he says. According to him, *mandi* cess, commission and charges used to add up to 14.5 per cent in Punjab. After GST, it is 8.5 per cent, which is still high. "What happens then? The roller flour mill in Punjab will not buy from Punjab. Instead, it will source from UP, as it does not have to pay taxes there. This means prices become non-compatible as you have added 8-10 per cent taxation." The system should be abolished. "This APMC

Agri Numbers



AGRICULTURAL LAND IN INDIA

328.73
million
hectares



NET AREA SOWN

140.71
million
hectares



NET IRRIGATED AREA

57.1
million
hectares



INDIA'S POPULATION

1.3
billion



TOTAL WORKERS

481.9
million 54.6%
of whom are
agricultural workers

Source:
Agricultural
Statistics 2018



"THE GOVERNMENT IS WORKING ON EFFECTIVE COORDINATION AND CONVERGENCE OF MANPOWER, MATERIAL, MONEY, TIME"

Ashok Dalwai, Chairman, Doubling of Farmers Income Committee



"ANIMAL HUSBANDRY WILL HAVE TO BECOME MORE ORGANISED, HYGIENIC. EVEN LIVE BIRDS MAY GIVE WAY TO FROZEN STUFF"

T. Nandakumar, Former Chairman, National Dairy Development Board

system, if you can't suspend or abolish it, allow anybody to buy directly from the farmer without paying any commission, market fee or cess," says Gulati.

Sitharaman's stimulus package tries to address this by proposing a Central law to bypass the APMC Act and allowing farmers to sell anywhere. The problem is that a Bill can take a long time to become a law that is implemented in letter and spirit, especially if it is about agriculture, which is predominantly a state subject.

Pricing Freedom

The government has said that it will amend the Essential Commodities Act that empowers administrations to fix stock and price limits for all essential items. The issue is not the existence of the Act but the practice of invoking it whenever there is a surge in prices of commodities.

Abhijit Sen, former member of the Planning Commission and a professor at the Jawaharlal Nehru University, says the best thing the Central government can do is to leave agriculture, especially marketing and logistics reforms, to states. Citing the example of the Central government's Covid response, Sen says the Central government is coming out with statements to promote agricultural activity but not any coherent policy. "You have to leave it to state governments to do it," he says. "There is a decline in demand for fresh produce as hospitality industry is closed. You cannot pretend that the problem doesn't exist. Let state governments try within the broad set of constraints. Don't send Central teams all over the place," he says.

A massive cooperative movement among farmers is another reform that will bring scale to farm or village level procurement operations. In February this year, Prime Minister Narendra Modi announced the nationwide launch

COVER STORY AGRICULTURE

of 10,000 farmer producer organisations (FPOs). The Budget allocated ₹6,865 crore for providing ₹15 lakh to each FPO. If well organised, FPOs can ensure better access to technology, inputs, finance and market for member farmers.

Animal Spirits

The biggest reform, in the context of increasing cases of zoonotic diseases caused by mutant viruses in animals, as is suspected in Covid-19, is a national policy to bring in stringent health and safety measures, including traceability, in cattle, poultry, fisheries, etc. T. Nanda Kumar, former Chairman, National Dairy Development Board, says post-Covid, the animal husbandry sector

will need to go through a transformation. "It will have to become more organised, hygienic. Even live birds may give way to frozen stuff," he says.

Finding ways to help farmers make extra money has always been on cards, but there is a ₹20,000-30,000 crore opportunity that is awaiting government push, says Fauzan Alavi, Director of Allanasons, India's largest buffalo meat exporter. Alavi is talking about the policy for salvaging the male calf. "There are about 10 million male buffalo calves in the system. Earlier, farmers used them for farming or transport. The male buffalo has little utility for the farmer today. The scheme to incentivise farmers to tend male buffalo calves can give them an assured guarantee as buffalo meat export units will give 100 per cent buyback guarantee for the animal," he says. He says bovine meat has the highest potential in agri exports. Incidentally, the government has already announced a programme for eradication of the foot and mouth disease. Encouragement to scientific way of managing livestock, while taking care of health and traceability, can change the fortunes of the Indian farmer.

The use of digital technology in farming and storage also needs to be encouraged. "Setting up scientific warehousing management companies, encouraging newer technologies to manage existing infrastructure can address the majority of the issues (in the agriculture produce storage system)," says Sandeep Sabharwal, CEO of agri-logistics firm Sohan Lal Commodity Management.

The government has one advantage. It does not have to search for the path to enhance agriculture incomes. There is no area of agriculture that the 14 volume report of the DFI Committee has not covered. The final recommendation of the DFI deserves particular mention: Speedy and quality implementation of government policies. **BT**

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Article Coverage

Portal- Indiainfoline

Link - https://www.indiainfoline.com/article/general-editors-choice/scientific-warehousing-holds-the-key-for-aatm-nirbhar-agriculture-120060800007_1.html

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A+ Scientific Warehousing holds the Key for Aatm Nirbhar Agriculture

A- The government's recent announcement of 11 measures for the agriculture sector as part of the Aatm Nirbhar Bharat package is indeed a welcome move and will help in supporting the Corona impacted economy

June 08, 2020 8:45 IST | India Infoline News Service



Agriculture is the mainstay of the Indian economy. Like all other sectors, the lockdown restrictions have impacted the Agriculture sector tremendously. The stories of incidence of Agricultural produce getting wasted due to disruption in the supply chain are appearing in large numbers recently where farmers are seeing their produce rotting in fields due to reduced market access. A huge amount of food is getting wasted due to the supply chain delays which does not augur well for the Indian Agriculture sector and Economy.

The government's recent announcement of 11 measures for the agriculture sector as part of the Aatm Nirbhar Bharat package is indeed a welcome move and will help in supporting the Corona impacted economy. Out of these 11 measures, 8 are for boosting the Agri infrastructure, capacity, and Agri logistics. The allocation of Rs.1lakh Crore for farm gate Infrastructure which includes affordable and viable post-harvest management clearly shows the urgency on part of government towards developing and enhancing post-harvest Agri Infrastructure.

Today the problem is not just about the supply issues, but also about matching that supply with demand and getting it to where it's needed most. In such a complex situation arising out of pandemic, post-harvest Agri wastage is the last thing which the Government and Agri community would want. The damage arising out of the supply side disruptions could be counterbalanced to a large extent by curbing post-harvest Agri losses.

Scientific Warehousing is the need of the hour and is one solution that can address the problem of wastage during storage to a large extent. In India, it is distressing to note that every year; an enormous amount of food grains gets wasted due to archaic procurement, storage, and inefficient warehousing methods. Typical storage losses for Agri produce in India accounts for approximately 10% (only for the dry food grains) of the entire production which is staggering INR 1, 00,000 crores. A detailed study by FICCI done previously titled, "Partnership to Scale new Heights, India – US Collaboration in Agriculture", conducted to gauge the effectiveness of scientific warehousing, has stated that a Warehousing company-the subject of the study- has adopted scientific storage techniques and have shown a remarkable impact on the quantity and quality of goods. The FICCI study highlighted the Centralized Real-Time Process Management System developed by a warehousing company and its impact on operational excellence in the facility.

The study concludes by stating that "With the help of the indigenously developed algorithm, the warehousing company has reduced the post-harvest losses which are pegged at 10% to merely 0.5%. The reduction in storage losses from 10% to 0.5% can have a huge impact, on approx. INR 99,500 crores per annum in India alone, if replicated across the system. In a nation, where it is estimated that at least 200 million people go to bed empty stomach each night such post-harvest losses are bothersome. With the help of scientific warehousing, the post-harvest losses can be reduced to a great extent and can provide an interim solution to the "Food Security Problem" of India which is a major social challenge for our society."

Similarly, in a marketplace model, Intelligent Call centers have an extremely important role to play particularly during a crisis like COVID -19. Smart Call centers when integrated with real-time data embedded in Artificial Intelligence helps in 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. A virtual customer service network is the need of the hour because it will enhance the service standards and will also help in raising the bar on scientific storage by eliminating the paperwork and providing the evidence of the calling details.

To counter the challenges posed by COVID -19 pandemic, the Indian Agriculture sector would need more modern professionally managed Agritech set-ups which can address the challenges posed by the pandemic. The proposed exercise to map and geotag agricultural warehouses, cold storage, and other inventory storages by NABARD would result in greater transparency and efficiency in the sector and should be taken at a war footing to mitigate the impact of COVID 19 in the agricultural sector.

In the post- COVID 19 world, the ideas, and technologies that have so far been kept at bay will evolve rapidly and for scientific warehousing, I can only quote the words of Victor Hugo, that "It's an idea whose time has come."

The author of this article is Mr Sandeep Sabharwal, CEO, SLCM Group

Participation in Panel Discussion – ZEE Business



19-06-2020

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