

## MEDIA COVERAGE REPORT



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### Leadership Positioning – Industry Story participation

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Link - <https://inc42.com/features/can-agritech-solve-the-ever-evolving-challenges-in-agriculture-for-the-post-pandemic-world/>



## FEATURES

# Can Agritech Solve The Ever-Evolving Challenges In Agriculture For The Post-Pandemic World?



Amit Raja Naik

Inc42 Staff

12 May'20 · 8 min read

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- 50% of the population depends on agriculture as a main source of income
- Many agri startups are building redundant infrastructure, says Ninjacart CEO
- The storage losses for agri produce in India accounts for approximately 10% of the entire production

While farmers in India are struggling to produce more while keeping costs low and margins high even before the current pandemic crisis, Indian consumers are moving in the opposite direction, searching for better-quality products at a lower cost. Striking the right balance between the two has been the weakest link in the agriculture value chain, and this is down to a range of factors such as preharvest and postharvest intelligence, logistics, storage, distribution and the weather. Thankfully, agritech startups have taken charge of each of these aspects to solve the biggest issues facing farmers in these times of crisis.

In an agrarian economy such as India, with more than 50% of the population depending on agriculture as a main source of income, this demand-supply tug-of-war has resulted in skewed pricing for certain crops and excessive food wastage for others. This came to a head during the early days of the lockdown as people rushed to stores to panic-buy groceries, food staples, vegetables and fruits.

## The Sudden Focus On Supply Chain

Suddenly, the focus changed from decreasing availability of farming land, unpredictable rains and groundwater and urban migration of labour to tech-enabled warehouse management, and rapid adoption of IoT and modern agriculture practices, which would give visibility to this crucial supply chain. The flaws in the supply chain have been amplified in this climate. So multiple agritech startups have stepped up to offer innovative and personalised solutions at affordable costs to tackle various challenges in the agriculture sector.

Mark Kahn, managing partner at Omnivore, told Inc42 that some of the challenges in the agritech space include climate change, lack of cold chain, soil degradation, water stress, small farm holdings, poor marketing infrastructure, expensive and unavailable rural labour. "These all are creating huge opportunities for agritech startups," he added.

Today, the farming companies are burdened by limited traceability and operational visibility along the crop cycle. Agri input companies constantly grapple with low visibility on marketing initiatives, inefficient operations and field force management, as well as lack a centralised database of agri data or a agritech stack, which many have called for. Therefore, it becomes crucial for government, agritech startups, food supply chain companies to knit the gap and pave a way for a transparent, digital mode in the supply chain, thereby minimising losses across the value chain.

"Many startups are building redundant infrastructure," said Thirukumaran Nagarajan, cofounder and CEO of Ninjacart, which pivoted from its B2B model in the lockdown to move to a consumer-focussed approach of group or bulk deliveries. Thirukumarana said that the long gestation period required for some ideas to work is not feasible given the current market situation and might not give immediate returns in terms of profitability or scale. Further, he said such ideas and initiatives require patience as a form of capital to back them. "Most importantly, on policy levels, we require the push and incentive to drive digital agriculture," he opined.

## Tech-Enabled Warehouses Reduce Losses

According to an FCCI study, titled "Partnership to Scale New Heights, India — US Collaboration in Agriculture," gauged the effectiveness of technology-driven warehousing. The study highlighted the centralised real-time process management system developed by the warehousing company and its impact on operational excellence in the facility.

"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 to approximately INR 99.5K Cr per annum in India alone if replicated across the system," the report added.

**I** *In India, it is estimated that at least 200 Mn farmers go to bed on empty stomachs each night due to post-harvest losses.*

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,' which is a major social challenge in the country.

Speaking to *Inc42*, Sandeep Sabharwal, the CEO of SLCM Group, a post-harvest agri-logistics company, said that every year, an enormous amount of food grains get wasted due to archaic procurement, storage and inefficient warehousing methods. "It has to be noted that the 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 100K Cr. This results in a huge burden on the economy," said Sabharwal.

For 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 people in India at subsidized rates. "Scientific warehousing is the need of the hour and is one solution which can address the problem of wastage during storage to a large extent," the SLCM CEO added.

## Lack Of Quality Data In Agri Ecosystem

But before such tech enablement can enhance the revenue generation for Indian farmers, there is a need to structure the agricultural data to fit modern needs. Mallikarjun Kukunuri, CEO of Niruthi Climate and Ecosystem Services said that the major challenges faced by Indian farmers are the small landholding combined with the lack of proper information on farm inputs, lack of credit or high-interest rate of lending and gap in the market linkages.

Hyderabad-based Niruthi provides location-specific crop monitoring and yield prediction from satellite and ground-based 3D crop mapping. Kukunuri said that when the company entered the Indian market, the biggest challenge it faced was the lack of reliable data as well as access to many government data sets that are crucial for implementing farm-level solutions.

**I** *"Often, satellite data is seen as a panacea to the lack of ground data, but we believe that this is a misconception," said Kukunuri.*

Bengaluru-based agritech startup CropIn Technology also said that many agribusinesses are yet to move away from traditional practices and switch to more efficient use of advanced technology, because there is no data available to farmers to show the power of tech-enablement clearly. The existing solutions work at certain levels of the ecosystem and do not connect with the entire ecosystem, which becomes a burden on agritech providers. "One of the important challenges we face today is ensuring farm-to-fork traceability of produce, especially when global markets are in question," CropIn CRO Jitesh Shah added.

“Moreover, adaptability, specifically in India, is a challenge because the majority of agri enterprises who have already been working with conventional practices view any drastic change towards digitisation with scepticism. Also, there is a common misconception that the use of the application is only to track them and evaluate their performance, adds to the challenge and distracts them from the bigger picture.”

CropIn is artificial intelligence (AI) and data-led agri-tech organization that provides SaaS solutions to agri-businesses, globally.

## Farmers Are Underserved By Agri Fintech

Another challenge for farmers is the timely and adequate availability of finance, which is a prerequisite for the growth of any sector and agriculture is no exception. However, the challenges in accessing finance have hampered the growth of this sector significantly.

Sabharwal said that the existing financial infrastructure in India has not been able to meet the key financial needs that arise along agricultural value chains. Further, he said that many agri-intermediaries, as well as farmers, are either left un-served or underserved due to the lack of timely access to institutional finance via agri-loans. “The market demand for smallholder agriculture finance is so huge and is largely unmet,” he avered.

CropIn’s Shah said that financial lending institutions face issues in credit risk assessment due to lack of historical performance and risk profile of their clients, information asymmetry due to lack of alternative data sources to verify the source data, and high-cost operations as the lending personnel have to physically check on every farmer loan.

On an optimistic note, Omnivore’s Kahn said that rural fintech will become a major investment theme within agritech, as financial inclusion is one of the greatest challenges for Indian farmers and agribusiness SMEs. Further, he said that most rural fintech startups are developing innovative approaches to financing farmers and agricultural value chains, while others are creating technology-enabled solutions for insurance, savings, or commodity risk management. Few of the startups include Sammunati, GramCover, Kissht and Jai Kisan among others.

As a matter of fact, without access to credit, most smallholders are restricted to farming, trading, processing practices that result in low levels of productivity. Today, there are various financial institutions that have come up and have set shops in rural India. However, the majority of agri-stakeholders still have limited or no access to them. That is the reality.

As healthcare is of top priority at the moment, a clear long-term vision for agriculture also becomes crucial, where inter-sectoral linkages are clearly specified and address. Experts, agritech entrepreneurs and investors believe that new approaches and new institutions are required which can really pull farmers from lifelong penury. This can be achieved if both private and public companies work together in unison to boost the agriculture space in a massive way.

## Article Coverage

Portal- Moneycontrol

Link - <https://www.moneycontrol.com/news/economy/policy/covid-19-impact-agri-warehousing-sector-turns-to-smart-technology-to-keep-supply-lines-running-5287511.html>



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## COVID-19 impact | Agri-warehousing sector turns to smart technology to keep supply lines running

The ideas and technologies that have so far been kept at bay will evolve rapidly as a result of mass confinement, safety worries and inventory shortages.

Moneycontrol Contributor @moneycontrolcom



By Sandeep Sabharwal

Every day, the remarkable stories of the COVID-19 warriors and their good work inspire us to make a difference in our own small way even when time and circumstances are not being kind to us. Akin to these COVID-19 warriors, agri workers and agri warehousing and agri supply chain workers are



playing an extremely important role in ensuring food on our plates and facilitating the storage, transportation, and warehousing of agri produce across the nation.

Today, across the globe, discussions are underway on the role technology will play in the post-COVID-19 world and agriculture is no exception. The ideas and technologies that have so far been kept at bay will evolve rapidly as a result of mass confinement, safety worries and inventory shortages.

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.

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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 Rs 1, 00,000 crore. 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 Centralised 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 percent. The reduction in storage losses from 10 percent to 0.5 percent can have a huge impact, approximately Rs 99,500 crore 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 centres have an extremely important role to play particularly during a crisis like COVID -19. Smart call centres when integrated with real-time data embedded in Artificial Intelligence help 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 and 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.

The agri-warehousing sector has been so far managing the proceedings smoothly and there haven't been any significant instances of Agri supply chain disruption from anywhere in the country. That's a huge achievement for the industry which just goes on to shows that the Indian commodity warehousing industry has come of age and that now it can assume more responsibilities going forward to make up for the lost time due to the lockdowns.

*(The author is CEO, SLCM Group)*