

# Agriculture Warehousing

## Leveraging Unutilized Spaces and Scientific Processes

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**We have been brought up on belief system that India lacks infrastructure and we need to build more. True, we suffer from a lack of infrastructure. But alas, we are not using our existing infrastructure to its best possible. Mr. Sandeep Sabharwal, Group CEO, SLCM writes about how we can improve agri warehousing situation, by leveraging unutilized spaces and better processes.**

To suffice current needs, is it necessary to build infrastructure when ample infrastructure is lying vacant in various nooks and corners of the country. I think, available but vacant buildings should be looked upon as an option for warehousing spaces. The perception of the sector has seen a marked shift from infrastructure focus to a process driven approach. When we speak of scientific warehousing practices, our focus should be on process oriented methodology which will eventually turn the face of the sector.

The companies in varied sectors are adopting asset light model which lets them operate through leased infrastructure. The compilation of the model coupled with process efficiency will lead the way in agriculture sector required for the post harvest period. There are

companies like SLCM (Sohan Lal Commodity Management) Group which has focussed on technological advancement for post harvest crop management in existing buildings on leased model. This has not only helped us in proving our scientific capability but also allowed us to efficiently use the ignored buildings for warehousing purposes irrespective of its condition. SLCM has, as of today, managed technology-enabled network of 750 warehouses 15 cold storages across 17 states with a total capacity of over 1.75 Million Metric Tonnes spread over 9.51 Million square feet area and a throughput of more than 240 Million Metric Tonnes. Being at the forefront of innovation & with experience of handling about 157 commodities, we have created an in-house SOP 'AGRI REACH' that

helps us to replicate the processes on any infrastructure agnostic of the geography, weather or the kind of crop & provide savings of 9.5% on the value of the crop handled. The ability of the group is proven by making a warehouse operational within 48 hours & delivers the same efficiencies.

Building infrastructure is not only a capital intensive task, but it increases the possibility of passing the cost to the end consumer. In this case, the end consumer is the farmer or someone from the similar fraternity who needs to store his crop post harvest safely. Looking at the current scenario, the farmer, who is struggling for even the basic facilities, is not willing or doesn't have the capacity to travel for the purpose of storing crops to the designated warehouses as the costs incurred are high and may take a large part of his earnings. As the costs of daily needs are already inflated, he is compelled to do distress selling. Moreover, it is quite impractical to create warehouses in every remote corner, mainly because of the costs and also once the stored crop is moved out, the owner has to wait for the next storage period.

One other major aspect is that when the crops are imported, they are largely exposed for a long duration without wastage, even on voyages, irrespective of the infrastructure. It is ironical that we have not been able to ascertain the need of the sector or of the consumer and have not been able to mark the shift from infrastructure to technology based processes. Most logistics and warehousing companies use outdated technology and systems which are incapable of meeting current and projected requirements. India has just awakened to the tremendous potential of technology-driven innovation in the burgeoning sector. There are very few logistics and warehousing organisations that are receptive to the fact that technology can help them reduce

costs and improve efficiency in their businesses and overall scenario.

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.

It is imperative that apart from raising agricultural productivity, improvement in management of supply chain would be critical for maintaining overall economic growth and prevent any sharp escalation in prices. If we don't control the post harvest losses, we will continue to loose huge amount of crops even after increasing the productivity. India must start to demonstrate and adopt best warehousing practices/processes for a robust supply chain management for agriculture specially as it is the basic necessity of the people.

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 about 35 Mn tonnes. 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 commodities.

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 Rs 76,000 cr. Also, there has to be a strong thrust on public private lineage to overcome the challenges and bringing in the best practices to the sector.

The 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 stored commodities, enable digital signature, cut down turnaround time and transmission of data on key parameters to one central location while GPS tracking will ensure warehouse manager's movement. 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 breaking 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 sustained efforts to improve existing storage spaces and introduce technology to make the entire supply chain smooth, transparent and mobile to ensure quality, timely delivery, right prices and most important minimal losses.

SLCM is an integrated player providing one-stop solution to the end user with diversified portfolio of services ranging from Warehouse Management, Agriculture Financing, Collateral Management to Procurement. 