MEDIA COVERAGE REPORT

SOHAN LAL COMMODITY MANAGEMENT PVT. LTD

ARTICLE COVERAGE

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Success of agri reforms rests on digitization

- SANDEEP SABHARWAL,
CEO, SLCM GROUP

To obtain the benefits of the proposed agri reforms an integrated platform play would be required. This can happen only when agricultural trading becomes location agnostic. Presently, the concept of location-agnostic agricultural trading might sound daunting but we should not forget that the government has promised Broadband connectivity in 6.5 lakh villages of India by 2023, and once that happens location-agnostic agricultural trading would be a reality.

The agriculture sector in India is afflicted by two major problems, namely, the lack of large-scale capital investments in the sector and the absence of competitive remuneration for farmers. With the passing of three Bills on agriculture reforms in the Parliament, which include, The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, The Farmers (Empowerment and protection) Agreement of Price Assurance and Farm Services Bill, 2020, and the Essential Commodities (Amendment) Bill, 2020, the government has ushered in a new era of agriculture reforms. Through these Bills, a global vision for agriculture with seamless opportunities for farmers and the agri fraternity has been put forth by the government. However, to augment the impact of these proposed reforms, agriculture has to be amalgamated with technology for a far greater impact.

Remote crop management

The concept of remote management of crops through technology is at the core of these reforms and whatever doubts have been raised over the existence of the traditional system of 'mandis' (marketplace) are misplaced as traditional mandis are not going to be replaced by any other system, but will only play a larger role in the scheme of things envisaged in the proposed reforms. In fact, the role and importance of traditional mandis are only going to amalgamate into a larger vision of attracting investment in agri infrastructure and competitive remuneration for farmers.

To obtain the benefits of these proposed reforms an integrated platform play would be required where ancient India is synced with

real India and both complementing each other. This can happen only when agricultural trading becomes location agnostic. Location agnostic agricultural trading entails a system wherein a trader could trade in a commodity at any mandi from any part of the country. Presently, the concept of location-agnostic agricultural trading might sound daunting but we should not forget that the government has promised Broadband connectivity in 6.5 lakh villages of India by 2023, and once that happens location-agnostic agricultural trading would be a reality.

Rise of virtual mandis

What these Bills actually envisage is a change in the domain of culture and the way transactions in agriculture takes place in India. It intends to make a tech driven warehouse a virtual mandi where trading could be done through trading platforms. To understand how this paradigmatic shift will happen, one needs to cast his mind back to the old days of the open outcry system in stock exchanges when the buyers and sellers used to operate from a trading pit and purchased and sold stocks through the open outcry system. In the pit, brokers matched customers' buy and sell orders through shouting and hand signalling. But, today we don't see stock trading happening anymore through the pit since technology has overtaken the trading pit and the trading has now become digital. So you and I sitting in any part of the globe can trade in the scrips listed on the stock exchanges.

A similar vision of seamless interconnected platform play is what the government wants to achieve through these proposed reforms and the first prerequisite for achieving this vision is smart warehousing. A smart warehouse is essentially integrated with real-time data embedded in Artificial Intelligence (AI) with real-time tracking of the facilities. The AI provides error-free results on the status of the warehouse and the products stored within as well as in transit. In a smart warehousing system, it is linked to such platforms using paperless quality control, paperless trading, and financing.

Going paperless

One must understand that trading in agricultural and food products is a complex affair unlike trade in manufacturing since the trade regulations here are stricter, paperwork is more cumbersome and logistics are more complex. So, what is required is an Integrated Paperless Framework for Agrifood Trade Facilitation with other components embedded in it such as paperless quality control, paperless trading, and financing.

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Automation and digitization of even a small component such as Quality Control (QC) can go a long way in streamlining the interconnected platform play, since agro and food commodities are subject to severe hygiene standards and inappropriate humidity or randomly variable temperatures may alter the products, making them unfit for consumption. So if the entire system of QC moves to a paperless system then the data could be obtained in real-time ensuring all processes are connected from inputs to outputs and are traceable, which can then be embedded in a smart warehouse making it easier to monitor the composition of each lot precisely along the chain.

Here the warehousing companies could play an extremely important role in providing the necessary fillip required for streamlining the agri environment, which could lead to an era of platform play in the agri market. To achieve the objective of universal smart warehousing an increased focus is required on the development of a system that would not only increase the efficiency of the agri trade but would also help in the conversion of warehousing into a marketplace. Only then the dream of ensuring the food on every plate and turning agriculture into a profitable business for all its stakeholders can be realized. AS